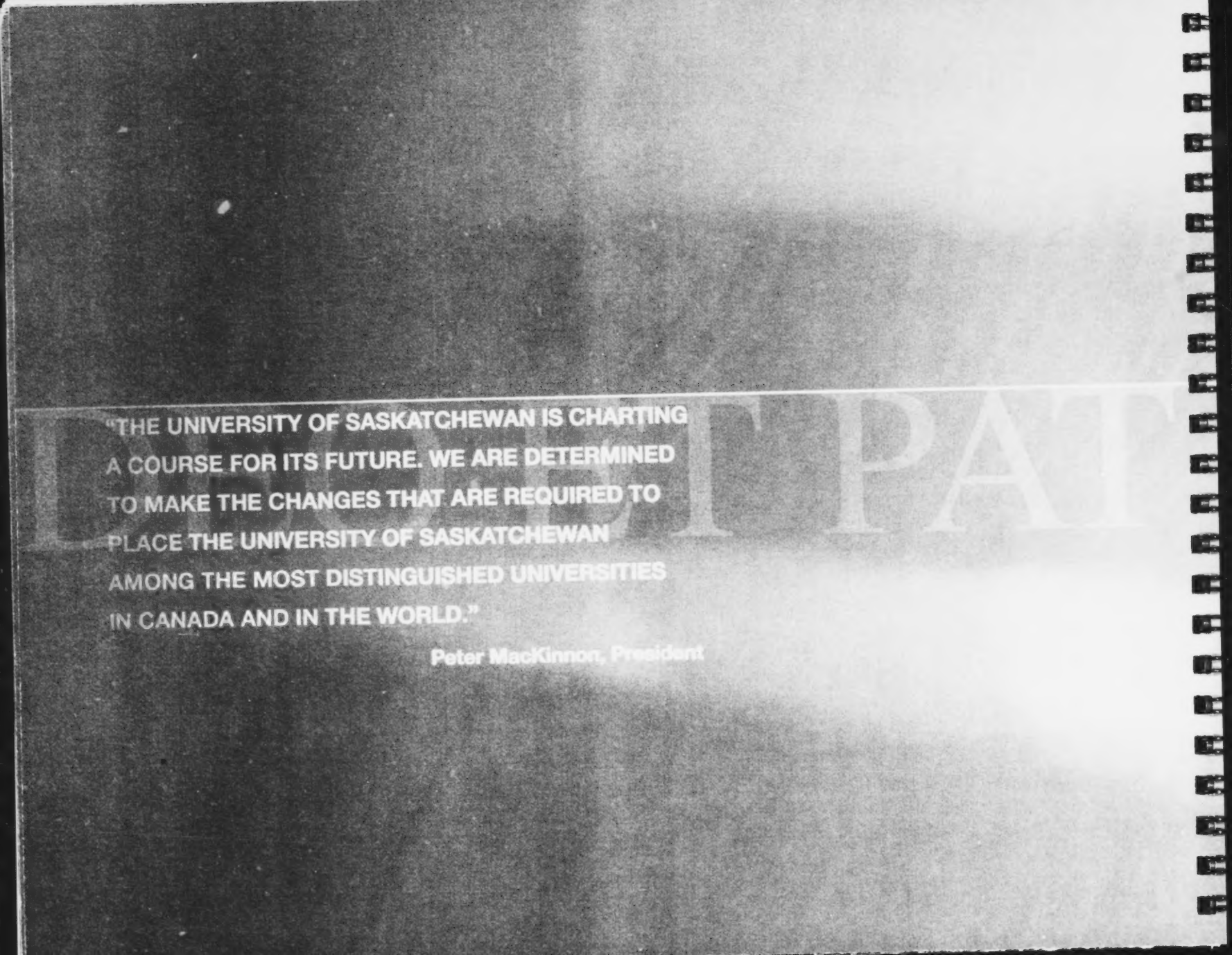
UNIVERSITY OF SASKATCHEWAN
MENTUM · ACHIEVEMENT
2005 06 ANNUAL REPORT


"THE UNIVERSITY OF SASKATCHEWAN IS CHARTING
A COURSE FOR ITS FUTURE. WE ARE DETERMINED
TO MAKE THE CHANGES THAT ARE REQUIRED TO
PLACE THE UNIVERSITY OF SASKATCHEWAN
AMONG THE MOST DISTINGUISHED UNIVERSITIES
IN CANADA AND IN THE WORLD."
Peter MacKinnon, President

2008-05108/

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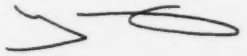
Message from the Chancellor
Tom Molloy

In reflecting on this annual report, I am pleased to see the progress made towards the achievement of our vision. Since my first Chancellor's message in 2001, I have seen this University evolve into a highly focused and undeniably ambitious organization with well-defined goals and a plan to reach them.

Of particular interest to me this year was the reassessment of how the University fits into the larger community with the development of the Foundational Document on Outreach and Engagement. Our sense of place is one of our defining characteristics, and the role we have played in our community cannot be overstated. This renewed commitment to our community outreach activities will engage us more fully with our external stakeholders and will allow us to set an example in civic responsibility.

Our overarching mission as outlined in the Integrated Plan, together with our commitment to community, will enable the institution to respond positively and dynamically to the challenges facing higher education, both now and in the future.



Tom Molloy, Chancellor

Message from the Chair, Board of Governors
Art Dumont

The momentum that characterizes the University's activities has continued throughout the 2005/06 year. Propelled by an ongoing history of innovation, the educational experience offered by the University of Saskatchewan is defined by its teaching, research, scholarly and artistic activities.

As Chair of the Board of Governors, I see the planning and preparation that goes into ensuring the University proactively responds to new demands and pressures. I see, too, the creativity and strategic planning that enables us to develop exciting new initiatives. This is an institution that, while already successful, refuses to rest on its laurels and is working to set the standard for Canadian post-secondary education.

This has been an important year for the University. We have examined and reassessed our connections to community through the creation of a Foundational Document on Outreach and Engagement. We have reached an unprecedented benchmark for fundraising in the province of Saskatchewan with $100 million in donations and growing. Our faculty have won prestigious research and teaching awards; our students have taken the world by storm with international fellowships and competition wins. People are sitting up and taking notice of this Prairie institution.

The high regard in which the University of Saskatchewan is held is achieved with inspiration and imagination. As we reflect on the past year, I am exceptionally proud to be able to play a part in the evolution of the University. Thank you to the staff, faculty, researchers, students and my fellow Board members for their commitment to this amazing campus.

A E Dumont

Art Dumont, Chair

Message from the President
Peter MacKinnon

Even as I am firmly ensconced in the second term of my tenure as President of the University of Saskatchewan, I continue to take enormous pride and delight in the talent and opportunities offered by this University.

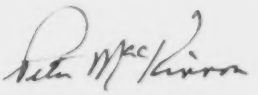
This year, more than any previous, there is a palpable sense of momentum to activities on campus. Driven by our commitment to the direction of the University, as laid out in our Integrated Plan, we are finding ourselves in an unprecedented environment of innovation, creativity and risk-taking. And, in a break from our humble Prairie roots, we are learning to fully celebrate our success and, indeed, to share that success with the outside world.

One milestone we are incredibly proud of is having achieved our minimum fundraising goal of $100 million well before the conclusion of our *Thinking the World of Our Future* campaign. The campaign continues as scheduled in order to secure funding for individual components of the campaign goal, but we could not be happier with the fundraising achievements so far.

This past year has also seen physical signs of momentum and energy on campus, with many new and planned construction sites changing the landscape despite the challenges posed by increased costs of construction. Of particular pride to me is the rededicated College Building, the University's architectural centerpiece. This monument to our long and storied past serves as a constant reminder of what the University has already accomplished, its steadfast presence speaks to the strength of this institution as it prepares to enter its second century.

We also presented our first "Report Card" on Integrated Planning, which illustrated our tremendous progress to date, while sensibly pointing out areas that require fundamental rethinking. Even though every single initiative in the plan may not be realized, I believe we have the momentum to ensure that the spirit of the plan will be fulfilled.

These are just a few hallmarks of what has been an extremely rewarding year for the University of Saskatchewan. This is an exciting time to be the U of S President and it is with great pleasure that I present to you this Annual Report, a testimony both to our past successes and to our unlimited future.



Peter MacKinnon, President

Strategic Initiatives

On Course for the Future

As it approaches its second century, the University of Saskatchewan is charting a course for its future. The decision has been made: the University of Saskatchewan will be known for its adherence to international standards, its pre-eminence in academic programming and scholarship, and its sense of place in Saskatchewan, Canada and the world. These goals guide a campus-wide planning and renewal process that is well on its way to fulfilling the vision of our founders to establish a world-class university on the edge of a swift flowing river surrounded by vast Prairies.

Creating and Maintaining Momentum

The University of Saskatchewan continues to gain momentum on the initiatives outlined in the organization's Integrated Plan. The plan, approved in May 2004, consolidates the University's planning and budgetary processes and identifies the priorities, goals and strategic initiatives for the 2003-2008 time frame.

There are several advances within the plan that are of particular note. The University is now using a new method of graduate tuition assessment to reduce the overall cost for the majority of our graduate students. Over $500,000 has been added to scholarship support for undergraduate students, new international students and students taking part in exchanges or study abroad programs. Additionally, a number of strategic initiatives took shape in 2005/06, including a new Masters in International Trade program and a BSA in Agribusiness through the College of Agriculture – the first new degree to be offered in this College in over 90 years.

To reflect the University's progress on over 70 initiatives outlined in the plan, the first "Report Card" on the Integrated Plan was released to the University community in the spring of 2006.

Report Card On Progress

☐ On Track or Completed ☐ Behind Schedule ☐ Needs Rethinking

Integrated Plan Section	No. of Initiatives			Total Initiatives
Core Themes	—	—	—	
Strategic Initiatives	11	11	5	27
Supporting Success	9	4	1	14
Changing Practices	8	9	2	19
Enriching the Physical Environment	4	1	1	6
Measuring Our Progress	1	2	1	4
Changing Structures	0	1	0	1
TOTAL	33	28	10	71

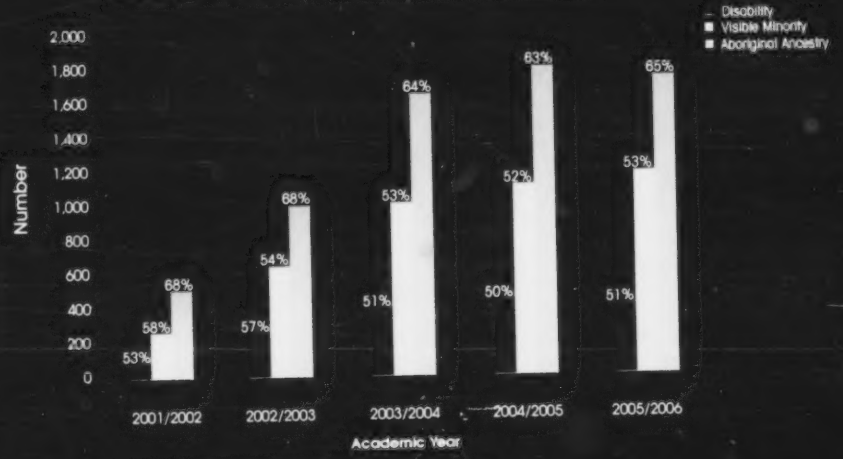
For more information about the Integrated Plan, visit www.usask.ca/ip.

Redefining Community Commitment

Council and Senate approval of the Foundational Document on Outreach and Engagement was a considerable milestone this past year. This pivotal document articulates the University's commitment to the communities it serves and reframes longstanding University structures to better deliver extension programming and services.

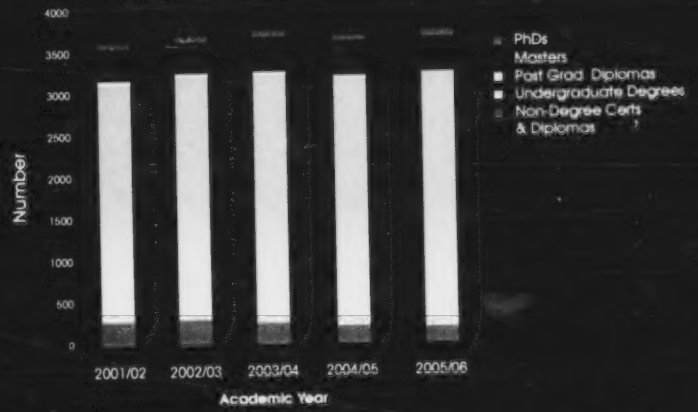
Approval of the document also signaled the creation of three new entities: the University Learning Centre; a Centre for Continuing and Distance Education; and an Office of University-Community Relations. These organizations will continue the outreach traditions of the Extension Division and create new programming to satisfy the 21st century need of our extended campus community.

Education Equity – Self-Declared Regular Session Students (Full-time & Part-time)



Source: Student Information System, October

Degrees Granted



Source: Student Information System

Enrolment by College (Full-time and Part-time Regular Session Students)

COLLEGE	2001/02	2002/03	2003/04	2004/05	2005/06
Agriculture	660	567	515	560	544
Arts & Science	7,180	7,341	7,772	7,701	7,677
Commerce	1,621	1,597	1,564	1,536	1,704
Dentistry	116	126	107	107	112
Education	1,201	1,148	1,175	1,120	1,201
Engineering	1,419	1,395	1,395	1,392	1,470
Kinesiology (previously Physical Education)	458	465	484	499	482
Law	307	317	325	322	316
Medicine	221	226	225	237	241
Nursing	740	794	785	757	752
Pharmacy & Nutrition	395	416	417	433	444
Physical Therapy	90	90	91	88	87
Veterinary Medicine	285	282	280	283	282
Unclassified Students	2,009	2,039	1,858	1,880	1,308
UNDERGRADUATE COLLEGE TOTAL	16,702	16,801	16,993	16,915	16,620
Graduate Studies & Research	1,766	1,744	1,648	1,989	2,089
Post Grad Clinical	218	221	231	221	240
Certificate/Diploma	800	725	653	658	585
TOTAL	19,486	19,491	19,725	19,763	19,534

Source: Student Information System, October

Above: The College Building then and now

Enriching the Physical Environment

Inspired by Our Past, Building for Our Future

In 1912, the year the College Building opened, average tuition was $30. Room and board for the 249 students attending that year was $5.50 a week, and the school year started September 26 to allow students to help their families finish harvest.

Almost 95 years later, life is dramatically different for our 19,000 students, but the newly rededicated College Building remains much the same as it did then, thanks to a devoted team of architects, contractors, historians and the University community.

Rededicated on September 6 by The Honourable Lorne Calvert, Premier of Saskatchewan and Peter MacKinnon, University of Saskatchewan President, the College Building is considered the architectural centrepiece of the University. Both a national historic site and a provincial heritage property, the rehabilitation of the building was one of the largest heritage conservation projects in Canada, second only to the work being done on Parliament Hill. The conservation team won a number of architectural and design awards for their dedication to preserving the heritage value of the building.

A week of celebration including a national book launch, a performance by the internationally renowned U of S Amati Quartet in Residence and community events followed the official rededication. The building is now in daily use, housing senior administrators, the Student and Enrolment Services Division, three public museums and the University's art collection. And, as today's students wander the stone staircases in the footsteps of the class of 1912, they may gather inspiration from those who attended before them.

Other Major Capital Projects 2005/06:

- The **Pulse Crop Expansion** to the Crop Science Field Laboratory, completed in the summer, is a 1,330 square metre addition including a field laboratory for pulse crop pathology and crop physiology.
- Completed in September, the **Research Annex Phase II** project will help the University deal with growing space demands.
- The **Griffiths Stadium upgrades** will be completed in time for the 2006 Vanier Cup and will enhance the stadium and the support spaces.
- The **Place Riel Transit Hub Project** will be completed by summer 2006 to accommodate the City of Saskatoon's dramatic improvements to transit service.
- The **Western College of Veterinary Medicine** expansion and renovation continues, with completion expected in spring 2008.
- Safety and efficiency renovations to the **University Services Building** and an addition to the heating plant to accommodate a new chiller to cool the campus will enhance the working environment for many.
- To meet the requirements in the Integrated Plan for strength in Northern Ecosystems toxicology, the **Toxicology Centre Aquatic Toxicology Expansion** is underway.
- Projects in the design phase include: the Academic Health Sciences Complex and the College of Law Expansion. An Aboriginal student space and the University Residence Project are in the pre-design phase.

Supporting Success

Potential and Promise

The future has never looked brighter at the University of Saskatchewan. The Integrated Plan has produced many tangible results, all of which contribute to an academic environment filled with potential and promise. The University's success is reflected in the success of its students, so particular attention is being paid to supporting their work and experience on many fronts, actively encouraging the art of teaching and the process of learning, and creating a place where research, scholarly and artistic work can flourish. These commitments light our path to the future.

International Champions

Third and fourth year Commerce students received first place in the overall competition and were first runners-up in strategic communications at the 42nd Annual International Collegiate Business Strategy Competition in San Diego. The team competed for three days in an environment that required effective decision-making under intense time pressure.

U of S Commerce students are international champions.
Top Row (left to right): Dustin Bartsch, Marlaina Hauser, Matt Greenberg, Stacey Sikorski, John Thorpe
Front Row: Lindsay Madson

Partners in Wellness

In October 2005, the Student Wellness Initiative Toward Community Health (SWITCH) program was launched. This interdisciplinary student-run health clinic allows U of S student volunteers to work with community partners and health professionals from eight disciplines to serve clients in one of Saskatoon's core neighbourhoods. Currently, 100 students take part in the SWITCH program.

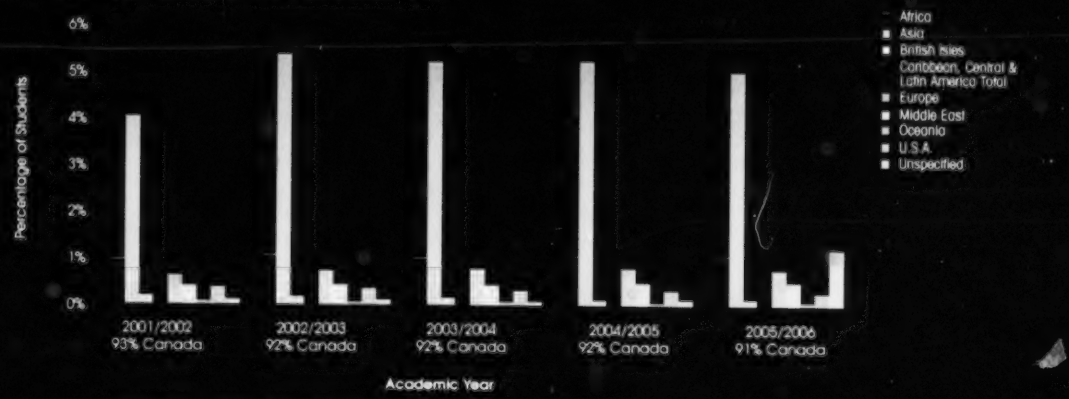
The program did not appear by accident, according to SWITCH coordinator Carole Courtney. With direct participation from students who wanted better interdisciplinary training, partnerships were formed between the University and health care units in the city and SWITCH took shape.

Reaching for the Stars

A group of students from the University of Saskatchewan set a height record at Elevator 2010 – an international competition to build the world's first solar-powered space elevator. The 2005 competition was held at NASA's Ames Research Center in Mountain View, California.

In the Beam Power Challenge segment of the competition, teams competed for a US$200,000 prize. To capture the prize, participants had to build a robot capable of scaling a 61 metre cable using only photoelectric cells for power. While no team has yet been able to meet the speed or height requirements, the U of S team set the height record at 12 metres.

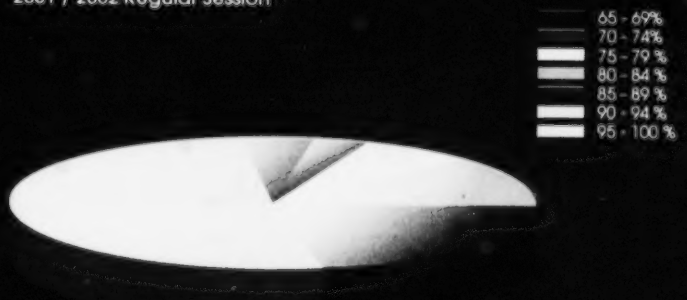
Geographic Origins of Regular Session Students (Full-time and Part-time)



Source: Student Information System, October

Admission Averages of Full-time First-Entry Undergraduate Students

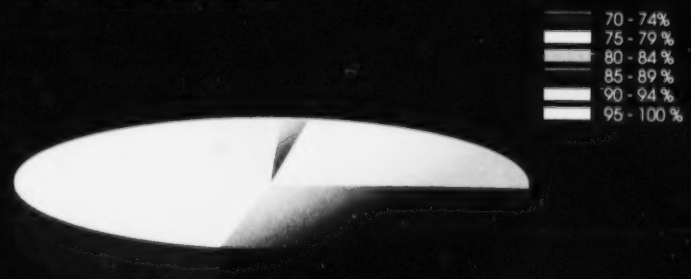
2001 / 2002 Regular Session



Source: Student Information System, October

Admission Averages of Full-time First-Entry Undergraduate Students

2005 / 2006 Regular Session



Source: Student Information System, October

Teaching and Learning

Above: Fred Phillips and student

Passion for Teaching Creates Momentum in Learning

Master Teacher Fred Phillips has an enthusiasm for teaching that is inspiring, even for his accounting students – they simply can't believe he can hold 120 of them enthralled in a class that starts at 8:30 a.m. on a Monday morning, but he does. Phillips' passion and commitment to his students, to pedagogy and to the profession of accounting has earned him not only a 2005 Master Teacher award but also similar recognition from the University of Saskatchewan Students' Union and the College of Commerce. In fact, he has won or been nominated for a teaching-related award every year since coming to the University of Saskatchewan in 1996.

Above: Ernie Walker

Ernie Walker, another 2005 Master Teacher award winner, is a Department of Archaeology professor who has earned a world-class reputation as an expert in archaeology, anthropology and forensics. Students admire his passion for teaching, his approachability, his care and concern for their success and his enthusiasm for, and comprehensive knowledge of, the disciplines he teaches. Walker carries a teaching load that is a wonder to most: the BSc program, which he developed five years ago, and classes in the Paleobiology program, Geological Sciences, Dentistry and Medicine.

Above: Richard Schwier

Bringing Home Two Prestigious 3M Teaching Fellows in 2005

3M Canada began collaborating with the Society for Teaching and Learning in Higher Education in 1986 to create 3M Teaching Fellowships, awards that recognize teaching excellence as well as educational leadership.

In 2005, faculty members from the University of Saskatchewan won two of the 10 Fellowships awarded:

Richard Schwier, BA, MA, Ed.D, Department of Curriculum Studies, College of Education

- Richard Schwier is a self-proclaimed teaching junkie. His exceptional gift for listening to his students and encouraging them makes him a respected leader in the field of instructional technology.

John Thompson, BA, MA, Ph.D, Department of Sociology, St. Thomas More College

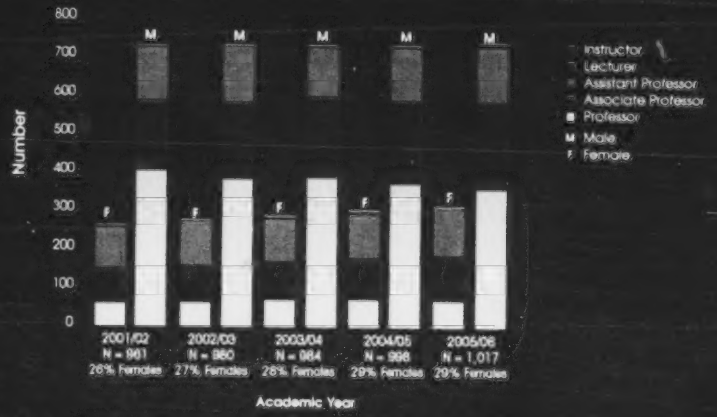
- The recipient of four major awards for teaching, John Thompson has dedicated himself to changing the value of student learning and faculty teaching. Through his approach on mindfulness, openness and civic responsibility, his students learn not only sociology but positive life skills.

Hitting the Right Note in Education

The important and essential contributions of sessional lecturers to the University of Saskatchewan's learning community never go unrecognized. This year, Bonnie Nicholson from the Department of Music was the recipient of the Sylvia Wallace Sessional Lecturer award. In addition to running a private study, maintaining a career in Chamber Music, and working as an accompanist and workshop clinician, Nicholson, like all winners of this award, demonstrates a deep commitment to excellence in undergraduate instruction.

Above: John Thompson

Full-time Faculty* Head Counts by Rank and Gender



Source: Human Resource Division, October
*As defined by Statistics Canada

Above: Bonnie Nicholson

Research, Scholarly and Artistic Work

Canada Research Chairs

The renovations are underway at the University of Saskatchewan's Toxicology Centre in anticipation of the arrival of a researcher whose work will guide policy makers and regulators in prescribing more environmentally-sustainable practices for handling pollutants.

John Giesy, distinguished professor of zoology at Michigan State University and a world-renowned expert in industrial pollutants and their effect on people and the environment, joins the U of S this year as the Canada Research Chair in Environmental Toxicology. His robust research team that will include as many as 16 graduate students, five post doctoral fellows, five research technicians, three to five visiting scientists and several undergraduate students, will develop rapid, sensitive and cost-effective tools to test for industry-produced persistent organic pollutants in the environment.

A significant aspect of Giesy's work will be his focus on the effect of pollutants in areas like Canada's Arctic where fragile ecosystems and a heavy reliance on native foods make the people of that region especially vulnerable.

Giesy's record of accomplishments is long and includes the identification in animal tissue of perfluorinated compounds, which are used in common products like paints, cosmetics and electronics. He has also worked on the long-term effects of Agent Orange on Vietnam War veterans and is adept at green chemistry – the design of more environmentally-friendly alternatives.

Above: John Giesy

Above: Carl Gutwin

CRC Research Success

It is cutting-edge research at opposite ends of the spectrum: Carl Gutwin, computer science professor and Canada Research Chair in Next Generation Groupware, is exploring more natural and intuitive computer networking environments; chemical engineering professor Ajay Dalai, Canada Research Chair in Bio-Energy and Environmentally-Friendly Chemical Processing, is working to create renewable, environmentally-friendly diesel fuel from vegetable oil. Both have had their CRC appointments at the University of Saskatchewan renewed for five years.

Above: Ajay Dalai

Gaining Momentum for Justice

U of S historian Keith Carlson, whose investigative research uncovered a powerful story of racism, murder and cover up, has helped begin to heal a cross-border rift. In 1884, an American lynch mob crossed from Washington Territory into British Columbia and hanged a 14 year old Sto:lo First Nation boy who was in the custody of Canadian police. The lynch mob claimed to be seeking justice for the murder of a Washington shop keeper, but Carlson's research strongly suggests the shopkeeper's murder was actually committed by one of the lynch mob members.

Carlson's work led to a film, "The Lynching of Louie Sam," by filmmaker David McIlwraith, and also prompted Washington's State Legislature to table resolutions, crafted with Carlson's input, publicly acknowledging the injustice done to Louie Sam.

The Social Economy Story in Saskatchewan

Innovative community partnerships were part of the reason a group of University of Saskatchewan researchers received $1.75 million from the federal Social Sciences and Humanities Research Council, the largest such grant to the U of S to date.

Led by Lou Hammond Ketilson, director of the U of S Centre for the Study of Co-operatives, the team will examine how social economy enterprises like not-for-profits, co-ops and community-based organizations help build more respectful relationships with communities, the environment and among stakeholders. The project is coordinated through the centre and the Community-University Institute for Social Research, and involves 24 academics from 10 disciplines at 12 universities as well as 33 partners and organizations in western Canada, northern B.C. and the U.S.

The grant, according to U of S President Peter MacKinnon, not only reflects a history of working together for a common good through co-operatives and volunteerism but also exemplifies that "social economy is part of our sense of place."

Leading the Way in Aboriginal Research

Literacy. Urban identity. Teaching life skills to children and youth with Fetal Alcohol Spectrum Disorder. These are among the research projects underway at the University of Saskatchewan, each reflecting the unique opportunities presented by partnerships between the University and the province's Aboriginal communities.

- In Geography, Evelyn Peters is working to discover the nature of First Nations and Métis identities in cities by looking at personal stories, social networks and participation in urban organizations.
- Linda Wason-Ellam in Education is conducting interdisciplinary research designed to help teachers, parents and other service providers find culturally respectful and effective ways to teach reading, writing and other life skills to children with Fetal Alcohol Spectrum Disorder.
- In Educational Administration, Randolph Wimmer is examining the early teaching experiences and challenges of recent graduates of the U of S Indian Teacher Education Program.
- Kristina Fagan in English is working to discover the self-identity of Labrador Métis people and how they express that identity through oral and written storytelling.

Above: Keith Carlson, U of S historian. Investigative research led to a State public apology to the descendents of Louie Sam.

Overcoming the Gender Barriers to Science

With participation of women in mathematical, physical and engineering sciences in Canada still a concern, University of Saskatchewan computer science professor Julita Vassileva has taken on the challenge of identifying the barriers and helping young women overcome them.

Vassileva was named the Cameco NSERC Prairie Chair for Women in Science and Engineering, one of only five chairs awarded across the country. Saskatchewan-based Cameco, which provided part of the funding for the chair, has not only seen first-hand the need for engineers and science specialists but also recognizes the opportunity to encourage the women of this province to consider careers in the sciences and engineering.

With colleagues in sociology, Native studies and women's and gender studies, Vassileva will look at the attitudes of girls, their parents, and their high school teachers in Saskatoon, in rural Saskatchewan and in Manitoba. She will also prepare recommendations for curriculum design in computer sciences at the major universities on the Prairie to help them become more women-friendly.

It Takes a Community to Build a Lab

For the foreseeable future, pulse crop breeding and research will take place in a state-of-the-art laboratory built at the University of Saskatchewan with the help of a long list of stakeholders who stand to benefit directly from the work.

All aspects of pulse research programs at the U of S Crop Development Centre (CDC) – from breeding, pathology and crop physiology to data processing and seed storage – are now together under one roof. The result is increased efficiency and room to expand research programs into crops like peas, lentils, chickpeas and beans.

Spearheading the effort to have the lab built was the Saskatchewan Pulse Growers, who are a national success story. Together, they make Canada the world's largest exporter of peas and lentils and a major exporter of chickpeas. But this wasn't always the case. Until the early 1970s when the CDC established its first breeding program, fewer than a dozen Saskatchewan farmers had ever tried growing lentils. Since then, the U of S centre has released 92 pulse crop varieties including 32 lentil, 20 pea, 22 bean, 13 chickpea and five fava bean varieties. Other funding partners for the pulse crop lab included the federal and provincial governments, farm sector companies and even individuals.

Curiosity-Driven Science for Curious Parents

If you've ever wondered how tall your child is going to be, researchers at the University of Saskatchewan College of Kinesiology may have the answer.

Published in the *Journal of Pediatrics*, the novel, non-intrusive, inexpensive method of predicting the adult height of healthy children between the ages of eight and 16 was developed by a research group led by Adam Baxter-Jones. It involves entering the child's age, height, sitting height and weight into a formula that also takes into account the child's state of growth. And not only does it satisfy curious parents, said Baxter-Jones, the researchers see their method being used by coaches and other health professionals to identify talent in their athletes.

www.usask.ca/growthutility

In the last year, the CLS (shown below) hosted over 100 researchers and produced successful projects for the mining, feed processing, environmental, and aircraft industries.

Research at the Speed of Light

The Canadian Light Source (CLS), located on the University campus, uses synchrotron light to determine the chemical nature and structure of materials. In the last year, the CLS hosted over 100 researchers and produced successful projects for the mining, feed processing, environmental, and aircraft industries.

First User, First Publications

In May, the CLS welcomed its first synchrotron user, Dr. Allen Pratt from Natural Resources Canada's CANMET Labs. Dr. Pratt's research is focused on finding more environmentally-friendly ways to separate gold from raw ore. Another important achievement was the publication of the first research papers resulting from experiments performed at the facility. The two papers, from the U of S and the University of Western Ontario, mark a milestone for the national synchrotron facility.

A Royal Visit

Her Majesty Queen Elizabeth II and His Royal Highness The Duke of Edinburgh toured the CLS on May 19, 2005 as part of their Saskatchewan Centennial Visit. World-renowned researchers at the CLS and the U of S provided the Royal Couple with an overview of both the facility as well as the pivotal research underway on cancer, Alzheimer's and zoonotic diseases.

Life-Saving Research and Development

The University of Saskatchewan Vaccine and Infectious Disease Organization (VIDO) is recognized by the scientific community as a world leader in the research and development of vaccine and immunotherapeutic technologies for livestock and humans.

A Canadian First in Vaccine Development

VIDO researchers developed a vaccine candidate for hepatitis C, a disease for which there is currently no vaccine available. The discovery, led by Hong Yu and Lorne Babiuk, produced a vaccine candidate that decreased the amount of a carrier virus expressing hepatitis C virus protein in mice by 100,000 times compared to the control group. Hepatitis C is the leading cause for liver transplants in the western world; its annual death toll is expected to triple in the next 10 years. Treatment of the virus, which is spread by blood-to-blood contact, is costly and ineffective in about half of all patients.

Her Majesty Queen Elizabeth II and His Royal Highness The Duke of Edinburgh were met by an adoring crowd during their CLS visit.

New Projects to Develop Vaccines for Newborns

In June 2005, VIDO was awarded $6.9 million to develop and improve vaccines for newborns through the Grand Challenges in Global Health competition, an initiative spearheaded by the Bill & Melinda Gates Foundation. The project is focused on eliminating the need for booster immunizations and needles, while creating vaccines that protect newborns. Many life-threatening illnesses can occur during the first few weeks of life, when a newborn's immune system is not fully developed. Newborns in developing countries are at exceptional risk.

Leadership Honoured

Lorne Babiuk, director of VIDO, was named an Officer of the Order of Canada in August 2005. Months later, he also received the 2005 Prix Galien Canada Research Award, which honours a leading researcher judged to have made the most significant contribution to pharmaceutical research in the country.

Above: VIDO newborn immunization research is funded by the Bill & Melinda Gates Foundation.

Above: Lorne Babiuk, director of VIDO

World-class Facilities to Conduct Research

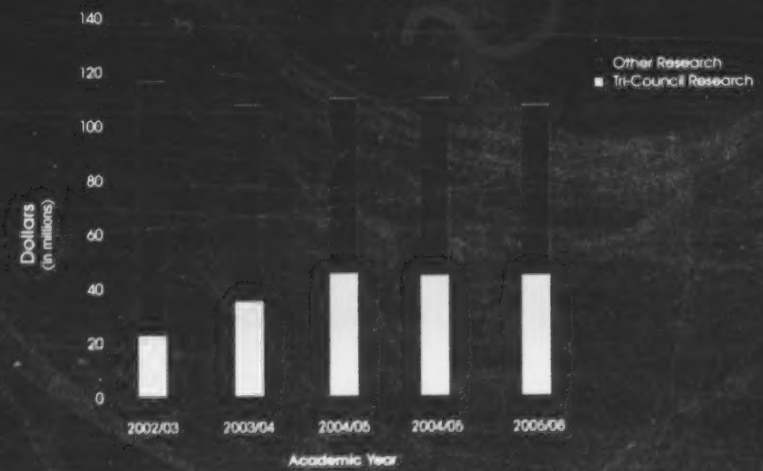
Innovation Place is one of the most successful university-related research parks in North America. Associated with the University of Saskatchewan, Innovation Place builds on the strengths of the University in agriculture, information technologies, resources and the life sciences.

With 2,200 staff employed by 137 organizations in 18 buildings, Innovation Place clients contribute $240 million per year to the economy of Saskatoon and Saskatchewan. With a 10 percent increase in client organizations this past year, more growth is on the horizon. In October 2005, Innovation Place announced the construction of a $25 million, 150,000 square foot (14,000 square metre) facility for clients in the engineering and IT sectors, with occupancy set for 2007.

The building will house about 500 employees and the work done there is estimated to contribute an additional $60 million annually to the provincial economy.

Innovation Place management hosted over 280 visitors from 11 countries in 2005, while its clients hosted thousands of visitors from around the world. Although international exposure is of key importance, taking care of what's close to home is important, too. In April 2006, Innovation Place was named by Queen's University School of Business and Hewitt Associates as one of Canada's Top 20 Best Small and Medium Employers.

Tri-Council and Total Research Revenue



Source: Financial Services Division

University of Saskatchewan President Peter MacKinnon with Jane and Ron Graham

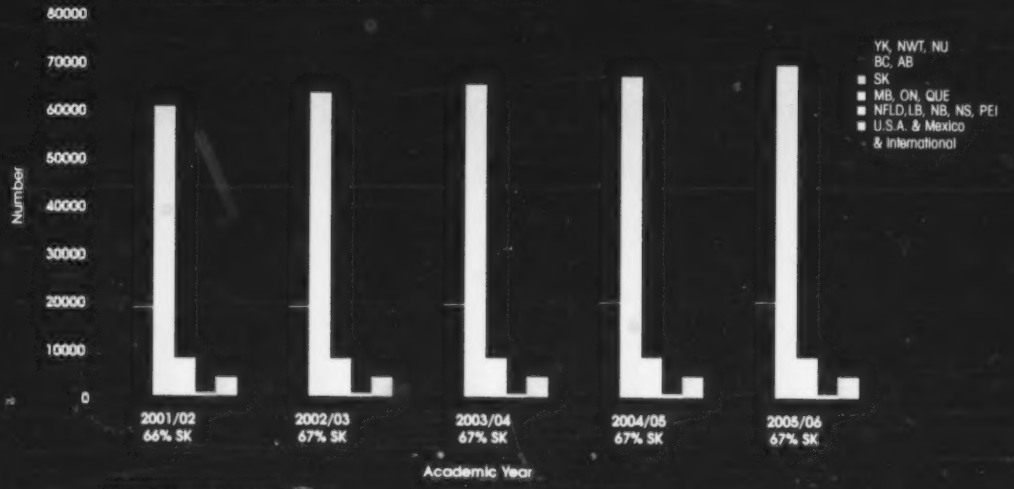
Gaining Momentum to Inspire the Next Generation

In 2004, the University of Saskatchewan launched the *Thinking the World of Our Future* capital campaign – the most ambitious capital campaign in the University's history. The campaign surpassed $100 million in donations, making it the largest fundraising effort in provincial history. Since the campaign began, over 25,000 individuals, corporations and foundations have contributed to the campaign's success. The funds raised will be used to enhance the student experience, provide scholarships and bursaries, and improve facilities to create more opportunities for learning, research and community outreach.

The gift that helped push the campaign past the $100-million milestone was from Ron and Jane Graham, whose $4.78 million donation is the largest personal donation to the University from former students. The Grahams' gift includes over $3 million for technical and professional communication studies in the College of Engineering, $1.2 million to build a new clubhouse facility at Griffiths Stadium, $300,000 for student scholarships, and $10,000 for the Huskies basketball teams. Both Ron and Jane wanted to give back to the institution that played such an important role in their lives, said Jane. Their hope – that others will have as positive a start on their journey through life as the Grahams had when they graduated from the U of S.

Donors from across Canada and around the world echo these sentiments. The overwhelming support shown for the University motivates the campaign and builds momentum that will allow us to address compelling needs and opportunities until the campaign's windup with the University's centennial celebrations in 2007. The University would like to thank our alumni and friends who are helping maintain our momentum and ensuring we will stand among the very best in the country.

Geographic Distribution of Alumni



Source: University Advancement
Excludes alumni of unknown location.

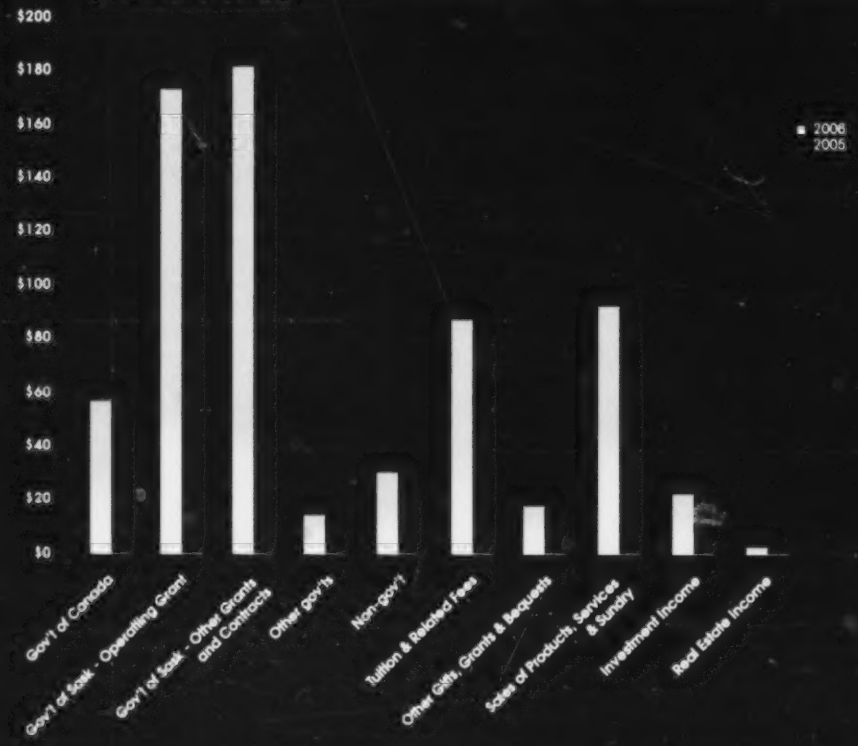
Financial Highlights

Revenue

For 2005/06, the University of Saskatchewan Consolidated Financial Statements reflect revenue of $680.9 million. This represents an increase of 15 percent ($87.2 million) from the previous year. Capital grant funding from the Province was again a key factor, accounting for an increase of $80.3 million. Total revenue of $680.9 million is derived mainly from the sources shown, with comparisons for the previous year.

Revenue from the Government of Canada accounts for $58.1 million, almost 9 percent of total revenue; student fees account for $86.8 million (12.8 percent); and Sales of Services and Products for $85.3 million (12.5 percent).

Total Revenue by Source for the Year Ended April 30, 2006
$680.9 (2005 - $593.7)
(In millions of dollars)



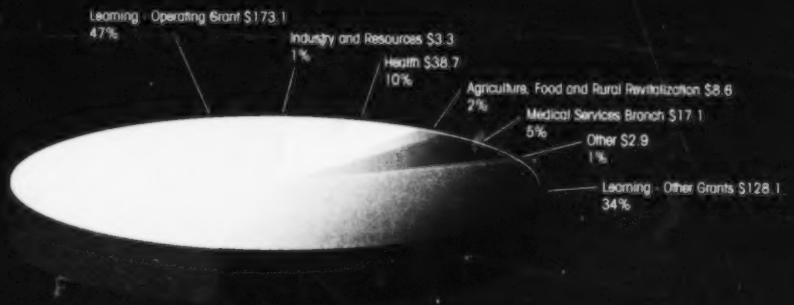
The decrease in Sales of Services and Products revenue of $11.3 million is due largely to a restructuring of accounts and the resulting classification of Campus Computer Store sales to University departments as internal sales. (This change accounts for a decrease of $5.32 million.) Clinical Practice Plan revenue also decreased by $3.6 million due to the decision of several physicians to incorporate their practices privately.

Although funds available for long-term investment increased by $122.1 million, overall investment income increased modestly, by $907 thousand. This was due in part to reduced fixed income pool returns, where, driven by increasing long-term bond rates, an annual return of one percent was earned compared to 3.3 percent for the prior year. The University's investments are valued at market, so fixed-income investments and equity investments are influenced by market trends. The University's long-term investments are held in two pools managed by professional investment managers (Long-Term Pool and Fixed-Income Pool) with total investment funds of $502.9 million as of April 30, 2006 (exclusive of pension plan investment funds of $775.8 million).

Revenue from the Provincial Government (grant and contract revenue of $354.7 million and including $17.1 million for sales of physician services reimbursed by Medical Services Branch) accounts for $371.8 million, or 54.6 percent of total University revenue. Government of Saskatchewan revenue increased significantly from the prior year by $96.0 million, or 34.8 percent. Most of the increase was attributable to capital grants provided by the Province. Late in the fiscal year, a special capital grant of $117.5 million was received. The amount of the grant is unprecedented, with $100 million provided for the Academic Health Sciences Centre and $17.5 million for the WCVM Infrastructure project (a $57 million project towards which the Province also contributed $7.5 million in 2004/05 and Ag Canada contributed $22.2 million in 2002/03)

Revenue Received from the Government of Saskatchewan for the Year Ended April 30, 2006

Total $371.8 (2004/05 – $275.8)
(in millions of dollars)



The newly restored College Building is the campus centrepiece.

In addition to capital grants for specific projects, the Province also provides annual sustaining capital grants, which, for the past several years, have been maintained at $9.74 million annually. (In March 2005, a grant equivalent to the Province's sustaining capital grant for 2005/06 and 2006/07 was provided.) During 2005/06, therefore, no sustaining grant was received. Funding from the Department of Health has increased slightly (by four percent) from the previous year while funding from Industry and Resources has again decreased, from $5.2 million to $3.3 million. Agriculture, Food and Rural Revitalization funding has decreased from $11.1 million to $8.6 million. The increase in operating grant funding from Learning (now Advanced Education and Employment) reflects an increase of 6.9 percent over base funding of the previous year and is inclusive of a four percent economic adjustment and tuition grant in lieu of tuition increases, with the balance attributable to targeted program funding, the majority of which was directed to Medicine Accreditation requirements (an increase of $3.8 million). About half of the four percent operating grant adjustment was provided as a Centennial Tuition Grant to allow tuitions to remain at 2004/05 levels.

Expenses

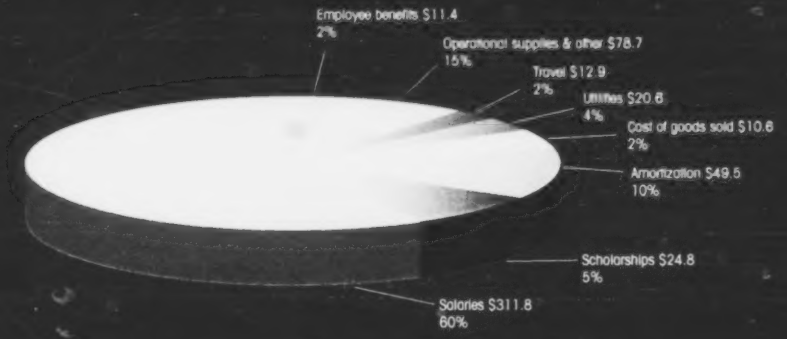
Overall expenses have decreased by $10.2 million to $520.3 million, a decrease of two percent over the previous year. This decrease is due primarily to the change in our accrued post-retirement asset, which has increased by $24.2 million, resulting in a corresponding decrease in Employee Benefit cost. The accrued post-retirement asset can vary quite dramatically from year to year based on pension plan investment returns. To illustrate: during 2004/05, the accrued post-retirement asset decreased by $11.5 million. If this change in pension assets is factored out, then total expenses for 2005/06 would be $544.5 million, reflecting an increase of 6.11 percent over the previous year.

Salaries increased by $9.7 million due to growth in staffing complement and increasing salary rates. During the year, the CUPE 1975 collective agreement (covering support staff) was concluded, extending to December 31, 2006 with retroactive application to January 1, 2004. As of April 30, 2006, the following collective agreements (with respective contract expiry dates) have expired for which negotiations are on-going: Faculty Association – June 30, 2005; Administrative and Supervisory Personnel – April 30, 2005; CUPE 3287 (Sessional Lecturers) – August 31, 2005. Salaries continue to comprise the greatest proportion of expenditures at about 60 percent of total. Benefits (adjusted for post-retirement accrual) comprise about 11.5 percent of salary cost (10.4 percent for 2004/05) and together with salaries account for about 64 percent of total expenditures.

Utilities have increased dramatically (by 19 percent), driven by the increasing utility rates (in particular natural gas) and new and expanded facilities. With the significant investment in capital assets of recent years, amortization expense has also increased (by 14 percent), comprising 10 percent of total expenditure. Other expense components that have changed significantly are not comparable to previous years because of a change in the accounting structure resulting from the implementation of a new financial system. Significant expense components, net of internal cost recoveries, are shown below.

Total Expenses for the Year Ended April 30, 2006

Total $520.3 (2004/05 - $530.5)
(in millions of dollars)

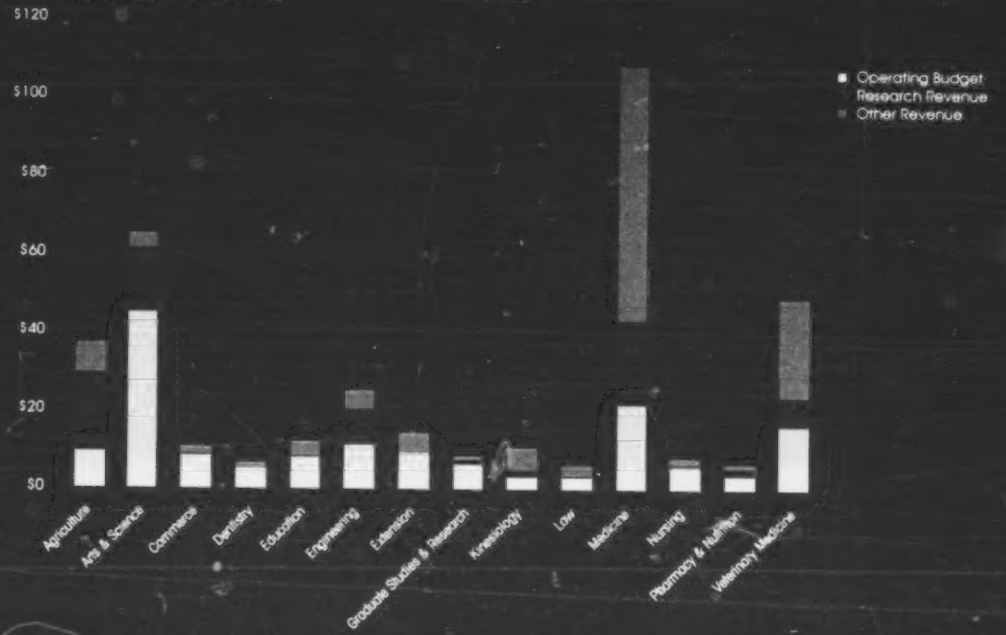


Revenue Summarized by College

University programs and initiatives are often focused at the College level. Revenues by type (e.g. Operating, Research, Other) are shown in the following graph. Of the total revenue reported for all Colleges, the College of Medicine accounts for $107.7 million for the year or 30 percent of the total, followed by Arts and Science at $64.8 million (18 percent of total), Veterinary medicine at $48.6 million (13 percent of total), and Agriculture at $36.7 million (10 percent of total).

Source of Revenue for Instructional and Research Units for the Year Ended April 30, 2006

Total $363.0 (2004/05 - $355.2)
(in millions of dollars)



Photographed in the early morning before class begins. Room 271 Thorvaldson is also known as the Airplane Room

General Funds

Revenues and related expenses are accounted for in separate funds in order to recognize restrictions and objectives specified by donors, the Government of Saskatchewan, other external agencies, or the Board of Governors. The University implemented a new financial system on May 1, 2005; as part of this implementation, the accounting structure was revised to provide enhanced information to support decision-making. Because of the significance of the change in fund structure, it is difficult to compare information provided on a fund basis to information provided in previous years.

General Funds (funds not subject to external restrictions) account for 63 percent of University revenue, including the Operating Fund at 58 percent, and the Ancillary Fund at five percent. Much of the activity that, prior to May 1, 2005, was captured in "Specific Purpose" funds is now included within Operating Fund activity. Major revenues and expenses of the General Funds are provided at Schedule 1 of the Financial Statements.

Operating Funds

Operating Funds Revenue

Revenue of the Operating Fund is $398.1 million and includes the operating grant of $173.1 million from the Department of Advanced Education and Employment and Clinical Services Revenue from the Department of Health. Grants and contracts from other governments are comprised of funding from the other three western provinces in accordance with the five-year inter-provincial agreement for funding the Western College of Veterinary Medicine. Tuition fee revenue of $86.7 million reflects that tuition rates for most programs were held at 2004/05 levels in recognition of Centennial Scholarship funding received from the Province. A new graduate tuition model was introduced in 2005/06, which resulted in a modest decrease in graduate tuition revenue. The model, which is based on a standard tuition of $1,000 per term for a traditional graduate program, is designed to be cost-neutral over the term of study but reduces a student's cost for the early years of a program.

Operating Funds Expense

Operating Fund expenses (including transfers) have increased to $367.8 million, which accounts for those expenses required to keep pace with salary settlements, associated benefit costs and increasing utility costs. Operating expenses also include expenditures for renewal initiatives in keeping with the priorities identified through the Integrated Planning Process.

Some of the areas of investment undertaken in 2005/06 include:

- Recruitment and retention initiatives were increased by $296 thousand and $472 thousand was provided for enrolment increases.
- Library acquisitions budget was again increased by five percent, or $357 thousand.
- In keeping with Department of Advanced Education and Employments' targeted approvals, an additional $3.835 million was allocated for Medicine Accreditation support.
- The Academic Priorities Fund was increased by $375 thousand to bring the total annual allocation to $4.05 million. (As of April 30, 2006, the bulk of these funds had not been allocated on a permanent basis.) Academic Priority funds will act as a catalyst for University renewal and will be allocated to priorities as determined through the Integrated Planning process.
- Utility costs, including costs related to the operation of new buildings, continued to increase, and an additional $1.605 million was allocated to meet estimated costs. With escalating natural gas costs, this allocation was further increased during the year. The College Building and Phase 2 of the Research Annex became operational and resulted in additional Utilities and other operating costs.
- Of the approximate $4.8 million of federal funding to support the indirect costs of research, $2.50 million was transferred to the Operating Fund in recognition of indirect costs of research paid from the Operating Fund.

The 2005/06 year is the third year in the four-year planning cycle covering the period 2003/04 to 2006/07 (now extended to include 2007/08). Resource allocation and reallocation decisions that began in 2004/05 with the implementation of permanent selective measures were continued in 2005/06. The 2005/06 Operating Budget provided a modest surplus (of 76 thousand) partly through the use of one-time measures.

The surplus budget for this year was planned utilizing, in part, the following measures:

- Permanent selective measures of $1.178 million (in addition to the measures undertaken for 2004/05 of $1.178 million). This meant reduced operating budget support for the Colleges of Agriculture, Commerce, Pharmacy & Nutrition, Extension Division, and the Facilities Management Division.
- A permanent levy on Colleges and units calculated at approximately half of one percent of College and unit operating budgets and estimated to provide $740 thousand. This levy is in addition to a half of one percent levy that was in effect for 2004/05. Those units to which permanent measures were applied were excluded from the levy.
- One-time measures requirement of $2.382 million. During the year, one-time resources of this amount were required to achieve the planned surplus of $76 thousand and a planned Operating Reserve balance of $3.34 million as of April 30, 2006. (With a mid-year adjustment required to recognize changes in salary settlement assumptions and utilities cost, the one-time measures target was increased during the year.)

Operating Funds Balance

Perhaps the most dramatic change in our accounting structure is evidenced by the change in Operating Fund balance from the previous year. The Operating Fund balance as of April 30, 2006 is $188.4 million, which compares to an Operating Fund balance of $33.3 million as of April 30,2005. The Operating Fund includes those components considered as "Operating Budget" in the past (with a year-end balance of $55.4 million) as well as the following: Externally Funded activities – $16.0 million (including activities such as the Clinical Services Fund); Future Employee Benefits – $53.2million; Non-Credit Instruction and Events – $2.3 million; Fee-for-Service activities – $11.0 million; Special Projects – $50.8 million; and Subsidiaries activity – ($300 thousand).

Operating Reserve

Within the Operating Budget funds, the Operating Reserve has increased by $76 thousand as planned with a year-end balance of $3.34 million (about 1.2 percent of approved Operating Budget). This result is net of a Board-approved appropriation of $3.10 million to be used for one-time measures and other budget pressures for 2006/07. The appropriation of $3.10 million was possible because of favourable variances in a number of areas, and a recovery of more funds than required to meet the one-time measures target. A significant source of one-time funds was insurance reserves of $1.951 million, which have now been consolidated within the Operating Reserve.

College/Administrative Units

College/Administrative unit funds have increased by $3.75 million for a year-end balance of $22.49 million (including only Operating Budget activity of Colleges/Administrative units, so there are minor differences from the results presented at note 13 to the financial statements). Additionally, Institutional Operating Funds have decreased by $4.37 million to $19.6 million. Significant balances include: the Academic Priorities Fund ($7.3 million), Appropriation of surplus for 2006/07 ($3.1 million), Benefit Plan funds ($2.7 million), and Faculty Start-up Funds ($400 thousand).

Ancillary Funds

The Ancillary Fund records all activity related to Consumer Services (e.g. Bookstore, Residences, Food Services) as well as Real Estate development activity (e.g. Preston Crossing) and the sale of Utilities to third parties. Overall, these Ancillary activities reflect a reduction of $500 thousand for the year, which is quite positive when considering that a $3.0 million transfer to the College Building project was funded from Consumer Services funds that have built up over a period of years.

Restricted Funds

Restricted Funds are those that carry restrictions on the use of resources for defined purposes. They account for 34 percent of total University revenue and are comprised of the Capital Fund at 17 percent, Student Financial Aid Fund at one percent, and Research Fund revenue accounting for 16 percent. Major revenue and expense components of restricted funds are provided at Schedule 2 of the financial statements.

Capital Funds

Capital fund revenue has increased by $84.1 million to $122.3 million. As discussed in the introductory section, the main cause of the increase was capital funding from the Province of Saskatchewan for the Academic Health Sciences Centre and for the WCVM infrastructure project.

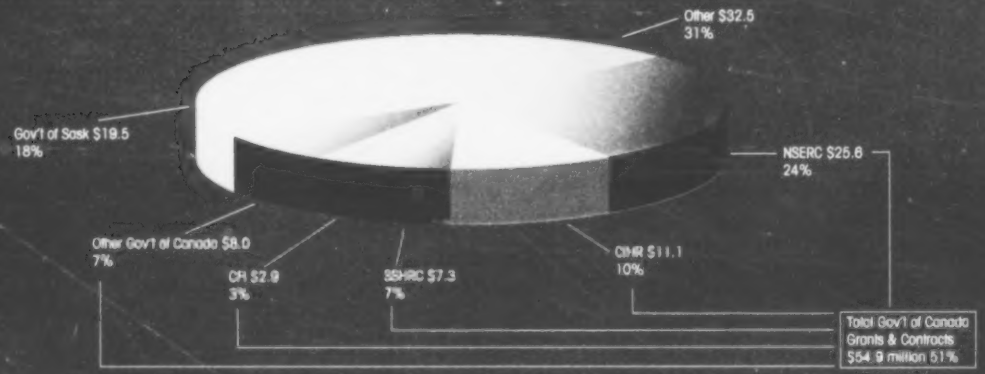
In addition to the special project funding, the Province authorized the University to borrow funds of $4.7 million for capital acquisitions. Together with the cash grant component received in March 2005, this borrowing provision amounts to a provincial capital sustaining provision of $14.44 million. The University utilized external financing to access the $4.7 million borrowing room provision. The province provides guarantees for the principal and interest payments relating to these balances on a year-by-year basis.

Research Funds

Research Fund revenue has decreased slightly for the year by $2.5 to $106.9 million for 2005/06. CLS continued to have a significant impact on total research revenue with approximately $17 million of research revenue relating to CLS. Of particular interest is Government of Canada funding, which remained relatively constant at $54.9 million, comprising over 50 percent of total research revenue. SSHRC funding, which includes a payment of $4.8 million in support of indirect cost of research, has also remained relatively constant at $7.3 million. Although Government of Saskatchewan revenue has decreased moderately (by $3.8 million), the Province still provides a significant portion of research revenue at 18 percent of total.

Research Revenue by Source for the Year Ended April 30, 2006

Total $106.9 (2004/05 - $109.4)
(in millions of dollars)



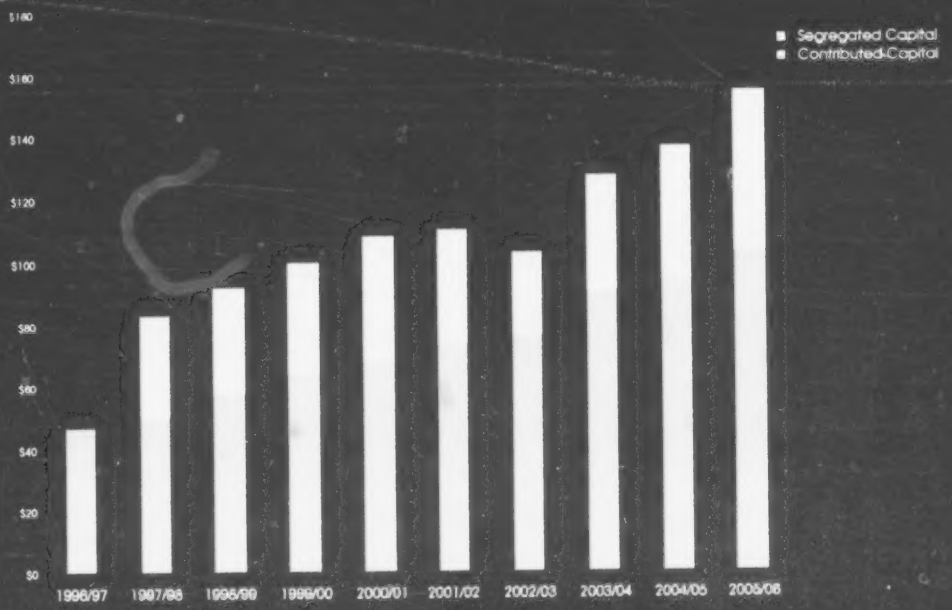
Student Financial Aid Funds

The Student Financial Aid Fund was established in 2005/06 to enable the University to capture information relating to both fundraising and other revenue activities that support our scholarship and financial aid programs. For the current year, the total level of expenditures on Student Financial Aid is $12.7 million, with about 70 percent of this amount funded from internal University resources (primarily the Operating Fund) and the balance funded from external sources. Current student aid expenditure of $12.7 million represents almost 15 percent of total tuition fee revenue.

Endowment Funds

Endowment Funds increased by $12.7 million for the year with $3.6 million relating to new donations and the remaining $9.1 million as a result of investment income returns on the fund balance. For the 10-year period shown, Endowment Funds have grown from $46.3 million in 1996/97 to $154.5 million as of April 30, 2006. This growth reflects not only contributions over the period but also investment earnings retained for preservation of the purchasing power of endowment funds.

Endowment Fund Balance
1996/97 - 2005/06
(in millions of dollars)



Board of Governors 2005/06

Members Ex-Officio
Peter MacKinnon (President)
Tom Molloy (Chancellor)

Members Appointed by the Government
Dallas Howe (Chair – January 2006)
Art Dumont (Chair – February 2006)
Nancy E. Hopkins
Garry Standing
Gail R. Appel

Members Elected by the Senate
Judy Buzowetsky
Gary Carlson

Faculty Member
Linda McMullen

Student Member
Gavin Gardiner

The Board is responsible for overseeing and directing all matters respecting the management, administration and control over the University's property, revenues and financial affairs. University officers are entrusted with the day-to-day operation of the institution. The President has general supervision over, and direction of, the University, its faculty members, and its student body. Deans of Colleges are the chief executive officers of their college, with general supervision of the direction of the college and the teaching and training of the students in the college.

Officers of the University

President
Peter MacKinnon

Provost and Vice-President
(Academic)
Michael Atkinson

Vice-President
(University Advancement)
Heather Magotiaux

Vice-President
(Finance and Resources)
Richard Florizone (October 2005)

Vice-President
(Research)
Steven Franklin

University Secretary
Lea Pennock (July 2005)

Vice-Provost
Jim Germida

Associate Vice-President
(Information and Communications Technology)
Rick Bunt

Associate Vice-President
(Human Resources)
Barbara Daigle

Associate Vice-President
(Financial Services and Controller)
Laura Kennedy

Associate Vice-President
(Facilities Management)
Paul Becker

Associate Vice-President
(Student and Enrolment Services)
David Hannah

Deans of Colleges and Academic Units

Agriculture
Ernie Barber

Arts and Science
Jo-Anne Dillon

Commerce
V. Lynne Pearson

Dentistry
James Stakiw (Acting)

Education
Cecilia Reynolds

Engineering
Claude Laguë

Extension Division
Walter Archer

Graduate Studies and Research
Tom Wishart

Kinesiology
Carol Rodgers (July 2005)

Law
W. Brent Cotter

Medicine
William Albritton

Nursing
Joan Sawatzky (Acting – July 2005)

Pharmacy and Nutrition
Dennis Gorecki

Veterinary Medicine
Charles Rhodes

University Library
Vicki Williamson (March 2006)

FAST FACTS

History

University established – 1907

Colleges – 14 (Agriculture, Arts & Science, Commerce, Dentistry, Education, Engineering, Extension Division, Graduate Studies and Research, Kinesiology, Law, Medicine, Nursing, Pharmacy & Nutrition, and Veterinary Medicine)

Affiliated, federated or virtual colleges – 7

2005/06

Students

Total student headcount (full-time and part-time) – 19,534

Number of countries represented by student body – 87

Number of degrees granted – 3,728

Tuition and fees (full-time Arts student) – $4,543

Percent of operating budget from tuition – 29%

Research

Research funding – $106.9 million

Canada Research Chairs awarded to the U of S – 34

Current Canada Research Chairs filled – 28

Amount of research space on campus – 24,486 m^2

Campus and Community

Replacement value of buildings, capital facilities and contents – $2.49 billion

Total Revenue – $680.9 million

Operating Budget – $273.64 million

Number of Innovation Place tenants – 137

Innovation Place contribution to economy – $240 million

Honorary Degrees

Fall 2005 – Dr. Martha Piper

Spring 2006 – Dr. Lotfi A. Zadeh, Nik Semenoff, The Honourable Sylvia Olga Fedoruk, Elder Jimmy Myo

UNIVERSITY OF SASKATCHEWAN

AMBITION • MOMENTUM • ACHIEVEMENT

Consolidated Financial Statements For the Year Ended April 30, 2006

UNIVERSITY OF
SASKATCHEWAN

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Statement of Administrative Responsibility for Financial Reporting

The administration of the University is responsible for the preparation of the consolidated financial statements and has prepared them in accordance with Canadian generally accepted accounting principles. The administration believes that the consolidated financial statements fairly present the financial position of the University as of April 30, 2006, and the results of its operations and the changes in its fund balances for the year then ended.

In fulfilling its responsibilities and recognizing the limits inherent in all systems, the administration has developed and maintains a system of internal controls designed to provide reasonable assurance that University assets are safeguarded from loss and that the accounting records are a reliable basis for the preparation of financial statements. The integrity of the internal controls is reviewed on an ongoing basis by the Audit Services Department.

The Board of Governors carries out its responsibility for review of the consolidated financial statements principally through its Audit Committee, which is a committee of the Board of Governors. The external and internal auditors have access to the Audit Committee, with or without the presence of the administration.

The consolidated financial statements for the year ended April 30, 2006 have been reported on by the Provincial Auditor of the Province of Saskatchewan, the external auditor appointed under *The University of Saskatchewan Act, 1995*. The Auditor's Report outlines the scope of his examination and provides his opinion on fairness of presentation of the information in the financial statements.

Peter MacKinnon, President

Richard E. J. Florizone, Vice-President (Finance and Resources)

Auditor's Report

To the Members of the Legislative Assembly of Saskatchewan

I have audited the consolidated statement of financial position of the University of Saskatchewan as at April 30, 2006, and the consolidated statements of operations and changes in fund balances, and cash flows for the year then ended. The University's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these consolidated financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the University as at April 30, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
July 11, 2006

Fred Wendel, CMA, CA Provincial Auditor

Statement 1

Consolidated Statement of Financial Position

As at April 30, 2006 (thousands of dollars)

	General	Restricted	Endowment	Total	Total 2005
Current Assets					
Cash and short-term investments (Note 3)	$ (45,794)	$ 67,390	$ 7,587	$ 29,183	$ 108,625
Accounts receivable	21,677	9,805	-	31,482	27,319
Inventories	11,432	-	-	11,432	9,617
Prepaid expenses	2,030	-	-	2,030	1,611
	(10,655)	77,195	7,587	74,127	147,172
Long-Term Assets					
Long-term investments (Note 4)	235,544	159,294	146,926	541,764	340,275
Investment in affiliated entities (Note 5)	301	-	-	301	301
Deferred decommissioning costs (Note 9)	2,218	-	-	2,218	2,297
Other assets	1,477	1,066	-	2,543	2,619
Accrued post-retirement benefits (Note 6)	35,902	-	-	35,902	11,737
Capital assets (Note 7)	-	671,156	-	671,156	645,505
	275,442	831,516	146,926	1,253,884	1,002,734
	$ 264,787	$ 908,711	$ 154,513	$ 1,328,011	$ 1,149,906
Current Liabilities					
Accounts payable and accrued liabilities	$ 41,758	$ 9,722	$ -	$ 51,480	$ 37,515
Accrued vacation pay and assisted early retirement benefits	11,209	952	-	12,161	11,608
Unearned fees and other deferred revenue	3,080	-	-	3,080	2,663
Current portion of provision for claims payable (Note 6)	1,522	-	-	1,522	1,451
Current portion of long-term debt (Note 8)	274	3,126	-	3,400	3,105
	57,843	13,800	-	71,643	56,342
Long-Term Liabilities					
Provision for claims payable (Note 6)	11,822	-	-	11,822	12,610
Long-term debt (Note 8)	63	23,969	-	24,032	20,193
Accrual for assisted early retirement	1,648	-	-	1,648	2,641
Accrued decommissioning costs (Note 9)	2,567	-	-	2,567	2,445
	16,100	23,969	-	40,069	37,889
Fund Balances					
Externally restricted funds	-	199,277	124,385	323,662	267,880
Internally restricted funds	184,137	27,604	30,128	241,869	96,376
Invested in capital assets	-	644,061	-	644,061	622,718
Unrestricted funds	6,707	-	-	6,707	68,701
	190,844	870,942	154,513	1,216,299	1,055,675
	$ 264,787	$ 908,711	$ 154,513	$ 1,328,011	$ 1,149,906

Approved by the Board of Governors

Chair, Audit Committee

Vice-President (Finance and Resources)

The accompanying notes form an integral part of these financial statements

Statement 2

Consolidated Statement of Operations and Changes in Fund Balances

For the Year Ended April 30, 2006 (thousands of dollars)

	General	Restricted	Endowment	Total	Total 2005
Revenues					
Grants and contracts					
Government of Canada	$ 3,038	$ 55,012	$ -	$ 58,050	$ 59,719
Government of Saskatchewan	216,616	138,109	-	354,725	260,841
Other governments	12,345	1,997	-	14,342	12,736
Non-government	6,713	23,367	-	30,080	31,957
Student fees	86,704	101	-	86,805	87,305
Gifts, grants and bequests	8,567	5,556	3,575	17,698	16,192
Sales of services and products	82,779	2,501	-	85,280	96,590
Income from investments	9,300	2,810	12,600	24,710	23,803
Real estate income	2,141	105	-	2,246	1,337
Miscellaneous income	5,321	1,650	-	6,971	3,216
	433,524	231,208	16,175	680,907	593,696
Expenses					
Salaries	266,456	45,383	-	311,839	302,078
Employee benefits	7,364	4,025	-	11,389	48,698
Operational supplies and expenses	49,204	15,402	2,622	67,228	54,256
Travel	7,890	5,039	-	12,929	11,070
Cost of goods sold	10,548	1	-	10,549	17,583
Equipment rental, maintenance and renovations	8,070	689	-	8,759	16,358
Utilities	20,600	34	-	20,634	17,334
Amortization	-	49,445	-	49,445	43,170
Scholarships, bursaries and prizes	3,376	21,448	-	24,824	17,759
Interest	122	1,336	-	1,458	1,509
Bad debt expense	985	-	-	985	489
Decommissioning costs (Note 9)	244	-	-	244	180
	374,859	142,802	2,622	520,283	530,484
Net revenues	58,665	88,406	13,553	160,624	63,212
Interfund transfers (Note 14)	(28,786)	29,662	(876)	-	-
Net increase in fund balances for year	29,879	118,068	12,677	160,624	63,212
Fund balances, beginning of year	160,965	752,874	141,836	1,055,675	992,463
Fund balances, end of year	$ 190,844	$ 870,942	$ 154,513	$ 1,216,299	$ 1,055,675

The accompanying notes form an integral part of these financial statements.

Statement 3

Consolidated Statement of Cash Flows

For the Year Ended April 30, 2006 (thousands of dollars)

	General	Restricted	Endowment	Total	Total 2005
Operating Activities					
Net increase in fund balance for year	$ 29,879	$ 118,068	$ 12,677	$ 160,624	$ 63,212
Amortization of capital assets	-	49,445	-	49,445	43,170
Unrealized gain on investments	(3,125)	(612)	(1,608)	(5,345)	(12,292)
Decrease (increase) in post-retirement benefits	(24,165)	-	-	(24,165)	11,428
Decrease in decommissioning costs	201	-	-	201	148
Net decrease (increase) in non-cash working capital	7,008	1,854	42	8,904	(9,009)
Cash generated from (used for) operating activities	9,798	168,755	11,111	189,664	96,657
Investing Activities					
Purchase of investments (net)	(91,853)	(94,437)	(9,854)	(196,144)	(66,784)
Purchase of capital assets (net)	-	(75,096)	-	(75,096)	(78,587)
Cash provided by (used for) investing activities	(91,853)	(169,533)	(9,854)	(271,240)	(145,371)
Financing Activities					
Debt financing proceeds (repayments) (net)	(131)	3,970	-	3,839	17,446
Decrease in accrual for assisted early retirement	(993)	-	-	(993)	(1,118)
Decrease (increase) in other assets	(929)	1,004	-	75	(253)
Increase (decrease) in provision for claims payable	(787)	-	-	(787)	1,822
Cash provided by (used for) financing activities	(2,840)	4,974	-	2,134	17,897
Net increase (decrease) in cash and short-term investments	(84,895)	4,196	1,257	(79,442)	(30,817)
Cash and short-term investments, beginning of year	39,101	63,194	6,330	108,625	139,442
Cash and short-term investments, end of year	$ (45,794)	$ 67,390	$ 7,587	$ 29,183	$ 108,625

The accompanying notes form an integral part of these financial statements

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended April 30, 2006 (thousands of dollars)

1. Authority and Purpose

"The University of Saskatchewan" is a corporation operating under the authority of *The University of Saskatchewan Act, 1995*, Chapter U-6.1 of the Statutes of Saskatchewan. The primary role of the University is to provide post-secondary instruction and research in the humanities, sciences, social sciences, and other areas of human, intellectual, cultural, social and physical development. The University is a registered charity and is therefore exempt from the payment of income tax, pursuant to Section 149 of the *Income Tax Act*.

2. Summary of Significant Accounting Policies and Reporting Practices

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The following accounting policies and reporting practices are considered significant:

a) Comparative figures

During the year, the University implemented a new financial system. As part of this implementation, the accounting structure was revised to provide enhanced information to support decision making by the University. Where practicable, comparative figures have been restated to conform to the current year's presentation. The Trust Fund and the Specific Purpose Funds were discontinued and reallocated in accordance with the Fund structure. Because of the significance of the change in fund structure, it is difficult to compare information provided on a fund basis to information provided in previous years.

b) Basis of consolidation

The consolidated financial statements include the accounts of the following entities:

- University of Saskatchewan Technologies Inc., a wholly owned subsidiary of the University. The company's mission is to evaluate, protect and exploit University-controlled intellectual property.
- Agricoll Research Investments Inc., a wholly owned subsidiary of the University. Through Agricoll, the University of Saskatchewan promotes and participates in research, education and technology transfer related to the agriculture industry.
- University of Saskatchewan Crown Foundation, a non-profit entity incorporated under *The Crown Foundation Act* of Saskatchewan. The Foundation was created for the purpose of receiving gifts of real and personal property and to provide transfers of property to the University of Saskatchewan.
- 621602 Saskatchewan Ltd., a wholly owned subsidiary of the University. The company participates in real estate investment activities.

- Prairie Swine Centre Inc., a non-profit corporation whose membership is restricted to the members of the Board of Governors of the University of Saskatchewan. The company is engaged in research, education and technology transfer related to pork production in Canada.

- Western Beef Development Centre Inc., a non-profit corporation whose membership is restricted to members of the Board of Governors of the University of Saskatchewan. The mandate of the company is to support the efficient and orderly economic advancement of the Western Canadian beef industry.

- Canadian Light Source Inc., a non-profit corporation whose sole member is the University of Saskatchewan. The company's mandate is to advance Canadian scientific and industrial capabilities in synchrotron science and technical applications. The company will be responsible for the operation and conduct of all activities related to the University's synchrotron light facility, its operation and performance.

- Pharmalytics Inc., a non-profit corporation whose sole member is the University of Saskatchewan. The company is engaged in research, development and education in pharmaceutical sciences. The University sold its interest in Pharmalytics Inc. on March 20, 2006. These financial statements reflect consolidated activity of Pharmalytics Inc. up to the date of the sale.

c) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Examples of significant estimates include: the allowance for doubtful accounts, the estimated useful lives of assets, the accruals for salaries and benefits, and certain actuarial and economic assumptions used in determining defined benefit pension costs, accrued pension benefit obligations, plan assets and provision for claims payable.

d) Fund accounting

The University follows the restricted fund method of accounting for contributions. Under fund accounting, resources are classified for accounting and reporting purposes into funds in accordance with specified activities or objectives.

The University has classified accounts with similar characteristics into major funds as follows:

i) General Funds are unrestricted and account for the University's program delivery, service and administrative activities. These funds are further classified as Operating and Ancillary.

Operating Funds account for the University's function of instruction, including academic support services, administrative services, plant maintenance and other operating activity.

Ancillary Funds provide goods and services to the University community, which are supplementary to the functions of instruction, research and service and are expected to operate on at least a break-even basis.

ii) Restricted Funds carry restrictions on the use of resources for defined purposes. These funds are further classified as Capital, Research and Student Financial Aid.

Capital Funds account for the acquisition of capital assets, major renovations and improvements to capital assets.

Research Funds account for activities in support of research.

Student Financial Aid Funds account for activities in support of students.

iii) Endowment Funds account for resources received with the stipulation that the original contribution not be spent. The fund also consists of a portion of the investment income earned on these funds that is required by donors and the Board of Governors to be added to the fund to offset the eroding effect of inflation.

e) Inventories

Inventories are valued at the lower of cost and net realizable value, which is determined by the average cost method, with the exception of livestock, poultry and other farm products, which are stated at market value.

f) Investments

Short-term investments are carried at the lower of cost and market value. Long-term investments consist primarily of pooled funds and are carried at market value.

g) Investment in affiliated entities

Non-profit affiliated entities in which the University exercises significant influence, but does not control, and all other investments are recorded at cost less any permanent decline in the value of the investment.

h) Employee benefit plans

The cost of defined benefit pensions earned by employees is actuarially determined using the projected benefit method prorated on services and management's best estimate of expected investment performance, salary escalation and retirement ages of employees, when future salary levels or cost escalation affect the amount of the benefit. The accumulated benefit method is used when future salary levels and cost escalation do not affect the amount of the employee future benefits. For purposes of calculating the expected return on plan assets, those assets are recorded at fair value. Actuarial gains and losses are recognized in the year they arise. Employee future benefits other than pensions represent medical and dental care and life insurance commitments to certain employees and retirees, long and short-term disability payments, severance and termination payments and compensated absences. The University accrues its obligations under these plans.

i) Capital assets

Purchased capital assets are recorded at cost. The University reports donated capital assets at fair market value upon receipt. Amortization expense is reported in the Capital Fund. Capital assets, other than land, are amortized using the straight-line method over their estimated useful lives as follows:

Buildings	40 years
Site improvements	20 years
Computers	3 years
Equipment & furnishings	6 to 8 years
Library materials	10 years

Collections are not capitalized or amortized. All additions to collections are expensed in the year acquired.

j) Donations and pledges

Donations are recorded as revenue in the fiscal period in which they are received. Gifts-in-kind, including works of art, equipment, investments and library holdings are recorded at fair market value on the date of their donation. Pledges made by donors to the University for donations to be received in future years are not recorded in the financial statements.

k) Revenue recognition

Restricted contributions related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund when received. Other restricted revenue is recognized on the completed contract method.

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions for endowment are recognized as revenue in the Endowment Fund.

Investment income earned on Endowment Fund resources that must be spent on restricted activities is recognized as revenue of the appropriate restricted fund. Unrestricted investment income earned on Endowment Fund resources is recognized as revenue of the General Fund. Other investment income is recognized as revenue of the General Fund when earned.

l) Financial instruments

The carrying values of cash and short-term investments, accounts receivable, investments, accounts payable and accrued liabilities, and accrued vacation pay are considered to approximate fair value unless otherwise disclosed.

The University has entered into interest rate swap agreements with the Royal Bank of Canada in order to manage the interest rate exposure associated with certain debt obligations. The agreements arrange for the exchanging of the floating interest rate cash flows from the underlying short-term debt instruments with fixed interest rate cash flows based on a notional amount. Because the long-term swap agreements effectively and completely hedge the interest costs on the underlying debt obligations, the University is reflecting the obligations as long-term debt in the financial statements.

The fair values of long-term debt instruments and swap derivatives are disclosed below. The fair value of the debt instruments are determined by discounting future cash flows in accordance with existing financing arrangements, based on the market interest rates for loans with similar terms and maturity dates. The fair values of the swap derivatives are determined using discounted cash flow analysis based on the current market rate applied to the debt underlying the swap derivative, and will fluctuate as market interest rates change.

	2006		2005	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Long-term debt	$ 27,432	$ 27,694	$ 23,298	$ 23,581

	2006	2005
Swap Derivatives - Unrealized Loss Position as of April 30		
Royal Bank Bankers' Acceptance Loan ending August 2029	$ 2,455	$ 5,212
Royal Bank Bankers' Acceptance Loan ending January 2020	202	722
Royal Bank Bankers' Acceptance Loan ending September 2020	162	-

3. Cash and Short-term Investments

Short-term investments are generally for less than 90 days and earned an average effective interest rate of 2.4 per cent (2005 - 2.0 per cent).

4. Long-term Investments

	2006		2005
	Market Yield	Total Fair Value	Total Fair Value
Bonds and debentures			
Less than 5 years	4.8 - 4.9%	$ 308,824	$ 136,530
5 to 10 years	5.1 - 5.4%	41,349	41,373
More than 10 years	4.8 - 5.3%	23,708	17,084
Equities			
Canadian		71,713	62,867
Foreign		96,170	82,421
		$ 541,764	$ 340,275

Investments are placed in accordance with policies specifying the quality of investments and limiting the amount of credit risk exposure in any one type of investment instrument.

5. Investment in Affiliated Entities

	2006	2005
Investments recorded on the cost basis:		
Saskatchewan Food Industry Development Centre Inc.	$ -	$ -
Saskatchewan Population Health and Evaluation Research Unit	-	-
Prairie Diagnostic Services Inc.	-	-
Star Biotech Inc.	293	293
Alviva Biopharmaceuticals Inc.	-	-
On Target Electronic Design Inc.	-	-
Ceapro Inc.	8	8
	$ 301	$ 301

Investments that have a nominal value are shown with a nil cost.

6. Accrued Post-Retirement Benefits

The University sponsors both defined benefit and defined contribution pension plans. The University and employees contribute in equal amounts to most of the defined contribution plans. The defined benefit plans are funded by employee contributions as a percentage of salary and by the University to support the actuarial based pension benefits. The defined pension benefits are based on years of pensionable service and an average of the highest 4 years of employees' pensionable earnings. The total expense for the University's defined contribution plans for the year is $9,658 (2005 - $8,856).

Financial activities of other benefit plans are consolidated in the financial statements. The accrued benefit obligation for other benefit plans is reflected in the Statement of Financial Position as provision for claims payable and plan assets are included in the long-term investments. The net benefit plan expense for pension and other benefit plans is included in employee benefits in the Statement of Operations and Changes in Fund Balances.

Aggregate information about the University's defined benefits plans is in the table below. The information provided does not encompass all benefit plans in the University, but only those plans for which an actuarial liability exists. The measurement date of plan assets and accrued benefit obligations is December 31, 2005 (extrapolated to April 30, 2006). The date of actuarial valuation is also December 31, 2005 (extrapolated to April 30, 2006).

a) Funded status of plans

	2006		2005	
	Pension Plans	Other Benefit Plans	Pension Plans	Other Benefit Plans
Plan assets				
Fair value at beginning of year	$ 452,269	$ 34,574	$ 438,066	$ 34,271
Actual return on plan assets	44,382	3,032	36,861	1,748
Employer contributions	3,942	-	3,911	-
Employee contributions	3,942	-	3,911	-
Benefits paid	(33,239)	(1,671)	(30,480)	(1,445)
Fair value at end of year	471,296	35,935	452,269	34,574
Accrued benefit obligations				
Accrued benefit obligation at beginning of year	442,197	14,061	410,661	12,160
Current service cost	13,992	2,709	12,883	2,113
Interest cost	24,882	781	25,409	745
Benefits paid	(33,239)	(1,671)	(30,480)	(1,445)
Actuarial losses (gains)	(20,256)	(2,536)	23,724	488
Accrued benefit obligation at end of year	427,576	13,344	442,197	14,061
Accrued benefit asset	43,720	22,591	10,072	20,513
Valuation allowance and unamortized past service costs	(7,818)	461	1,665	768
Accrued benefit asset, net of valuation allowance	$ 35,902	$ 23,052	$ 11,737	$ 21,281

b) Percentage of fair value of total plan assets held at measurement date by category

	2006		2005	
	Pension Plans	Other Benefit Plans	Pension Plans	Other Benefit Plans
Cash	(0.2%)	1.5%	(0.2%)	0.5%
Short-term notes	2.6%	0.0%	5.8%	0.0%
Accrued income	0.6%	0.3%	0.4%	0.4%
Pooled funds	36.8%	0.0%	36.0%	0.0%
Contributions receivable	0.0%	0.2%	0.1%	0.1%
Bonds	22.4%	12.6%	22.7%	16.9%
Equities	37.8%	85.4%	35.2%	82.1%
Total	100%	100%	100%	100%

c) Net benefit plan expense (revenue)

	2006		2005	
	Pension Plans	Other Benefit Plans	Pension Plans	Other Benefit Plans
Current service cost, net of employee contributions	$ 10,050	$ 2,709	$ 8,972	$ 2,113
Interest cost	24,882	781	25,409	745
Expected return on plan assets	(30,419)	(2,530)	(29,501)	(2,516)
Immediate recognition of remaining gains/losses	(34,188)	(3,038)	16,257	1,256
Amortization of past service costs	467	307	478	307
Increase (decrease) in valuation allowance	8,985	-	(6,274)	-
Net benefit plan expense (revenue)	$ (20,223)	$ (1,771)	$ 15,341	$ 1,905

d) Actuarial assumptions (weighted average as at April 30)

	2006		2005	
	Pension Plans	Other Benefit Plans	Pension Plans	Other Benefit Plans
Discount rate	5.9%	5.2%	5.7%	4.9%
Expected long-term rate of return on plan assets	6.9%	7.0%	6.9%	7.5%
Compensation increase	4.2%	-	4.5%	-

7. Capital Assets

	2006			2005
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Buildings	$ 705,052	$ 226,906	$ 478,146	$ 460,864
Site improvements	41,175	18,270	22,905	17,201
Computers	83,963	72,606	11,357	11,185
Equipment and furnishings	212,676	133,539	79,137	70,848
Land	2,078	-	2,078	2,078
Construction in progress	34,320	-	34,320	41,211
Library materials	136,421	93,208	43,213	42,118
	$ 1,215,685	$ 544,529	$ 671,156	$ 645,505

8. Long-term Debt

	2006	2005
a) Royal Bank Banker's Acceptance Loan – Canadian Banker's Acceptance Canadian Deposit Offering Rate + spread of 0.20%, revolves monthly at progressively smaller amounts until August 2029	$ 13,305	$ 13,064
b) Long-term synthetic financial instrument created by interest rate swap agreement – 5.986%, terminates August 31, 2029	(notional amount equal to above)	(notional amount equal to above)
c) Royal Bank Banker's Acceptance Loan – Canadian Banker's Acceptance Canadian Deposit Offering Rate + spread of 0.20%, revolves monthly at progressively smaller amounts until January 2020	4,445	4,664
d) Long-term synthetic financial instrument created by interest rate swap agreement – 4.92%, terminates January 31, 2020	(notional amount equal to above)	(notional amount equal to above)
e) Royal Bank Banker's Acceptance Loan – Canadian Banker's Acceptance Canadian Deposit Offering Rate + spread of 0.20%, revolves monthly at progressively smaller amounts until September 2020	4,572	-
f) Long-term synthetic financial instrument created by interest rate swap agreement – 4.53%, terminates September 1, 2020	(notional amount equal to above)	-
g) Canada Mortgage and Housing Corp. (CMHC) – 6.875% debentures due May 1, September 1, 2020	2,231	2,319
These loans are repayable in equal semi-annual installments of $123 blended principal and interest and recovered in their entirety from the operating revenues of Ancillary Services		
h) Loan payable to the Government of Saskatchewan – General Revenue Fund – 5.125%, due December 1, 2015	259	278
As part of the original arrangements for repayment of a loan to CMHC, it was agreed that $600 of the principal portion due would be recovered from the University of Saskatchewan by charges to the Ancillary operations of $33 per year.		
i) Loan payable to Canadian Imperial Bank of Commerce – Prime plus 0.25%, payable with monthly principal payments of $3 plus interest.	208	226

j) Loan payable to Canadian Imperial Bank of Commerce – Prime plus 0.25%, payable with monthly principal payments of $0.6 plus interest.	14	21
k) Loan payable to Government of Saskatchewan – Short-term Hog Loan – Prime, payable with equal monthly payments, due April 2007.	115	138
l) Mortgage payable to Canadian Imperial Bank of Commerce – Prime, payable with blended monthly installments of $24, due October 2016.	2,283	2,461
The mortgage is secured by a general security agreement pertaining to all personal property of Prairie Swine Centre Inc. and the provision of collateral mortgage security over all the Centre's real property.		
m) Mortgage payable to Canadian Imperial Bank of Commerce – Prime plus 0.25%, payable with lump sum principle payments to be made upon receipt of amortized pledges.	-	116
The mortgage is secured by a general security agreement pertaining to all personal property of Prairie Swine Centre Inc.		
n) Loan payable to West Central Sales Inc. – 7.9% loan, payable in annual installments of $11.	-	11
	27,432	23,298
Less current portion	(3,400)	(3,105)
	$ 24,032	$ 20,193

9. Decommissioning Costs

Canadian Light Source Inc. (CLSI) is required to decommission the facility when operations cease in accordance with a Particle Operating License issued by the Canadian Nuclear Safety Commission.

CLSI accrues the liability for future decommissioning site restoration costs. CLSI expects the facility to operate for a 30 year period from commencement of operations and anticipate the future cash flows required to decommission the facility to be $10,064.

The present value of this amount as of July 1, 2004 is reflected as Deferred Decommissioning Costs of $2,357. This balance is amortized to operations on a straight line basis over 30 years. The net value of the Deferred Decommissioning Costs as of March 31, 2006 is $2,218 (2005 – $2,297). The present value of the related liability for decommissioning costs of $2,357 as of July 1, 2004 was calculated using a risk free interest rate of 5.0%. The current year decommissioning costs of $244 (2005 – $180) include decommissioning accretion costs of $122 (2005 – $88), amortization of deferred decommissioning costs of $79 (2005 – $60) and costs associated with a financial guarantee to the Canadian Nuclear Safety Commission of $43 (2005 – $32).

10. Commitments

a) Capital projects

The estimated cost of contractual commitments to complete major capital projects in progress as of April 30, 2006 is approximately $16,793 (2005 - $17,087).

b) Retail development

In 2001, the University entered into an agreement with a developer to lease approximately 50 acres of land. In addition, the University has an agreement with the City of Saskatoon obligating the University to pay offsite levies to the City as the land is developed. It is estimated that the obligation to the City for future phases of development is $727.

c) Utility purchases

The University has entered into long-term contracts to purchase electricity and natural gas. As of April 30, 2006, the University is required to pay for minimum annual consumption of 150 million kilowatt hours of electricity in the 2007 fiscal year. The estimated commitment to purchase electricity is $12,019 based on management's best estimate of the impact of annual price re-determination.

To manage the price of natural gas, the University has entered into contracts that expire on varying dates until October 2010. The University is required to pay for a minimum volume of 2,075 gigajoules per day of natural gas to the end of October 2007. In addition, the University has entered into contracts until October 2010 for approximately half of the natural gas requirements which entail a commitment to purchase 1,325 gigajoules per day. In total, the commitment for natural gas purchases as of April 30, 2006 is $16,000.

d) Lease commitments

The University has operating lease commitments for equipment and capital assets. The minimum future commitments under these contractual arrangements for the next five years are as follows:

2007	$ 1,506
2008	1,496
2009	946
2010	199
2011	199

11. Gifts-in-kind and Donation Pledges

Gifts-in-kind in the amount of $3,648 were received and recorded in the year (2005 – $4,015). Gifts-in-kind consist of the following:

	2006	2005
Works of art	$ 68	$ 16
Equipment and furnishings	425	1,163
Investments	2,899	2,483
Library holdings	81	48
Other	175	305
	$ 3,648	$ 4,015

Donations pledged but not received as of April 30, 2006 totaled $27,376 (2005 – $23,815). These pledges are expected to be honored during the subsequent five-year period and will be recorded as revenue when received.

12. Collections

a) Collections of artifacts, archival material and rare books

The University has acquired collections of artifacts, archival materials and rare books. These items have been accumulated largely as adjuncts to the University's research and teaching missions. Acquisitions are donated as well as purchased. The University rarely disposes of items from these collections.

The significant collections include the personal artifacts, papers, and library of the late John G. Diefenbaker, the official records of the University, papers of faculty and alumnae, originals and replicas of Ancient and Medieval artifacts, as well as old and rare material with a focus on Western Canada.

b) Art collection

The Kenderdine Art Gallery administers the permanent art collection of the University. The collection includes works of art that provide an historic or artistic context for objects that are already in the collection as well as works that are of historic interest to the University or the Province of Saskatchewan. Proceeds from the sale of objects are used for the purchase of new acquisitions or the direct care of the collection.

During the year, 28 objects with an appraised value of $4 were donated and 1 object, costing $5, was purchased.

13. Operating Budget Expenses

A comparison of the budgeted expenses funded by the Operating Budget as approved by the University's Board of Governors to the actual Operating Budget expenses is as follows:

	2006	
	Budget	**Expenses**
Agriculture	$ 9,587	$ 9,570
Arts & Science	44,553	43,347
Commerce	8,600	8,544
Dentistry	5,134	4,920
Education	8,020	7,879
Engineering	11,434	11,330
Extension	7,114	6,782
Graduate Studies & Research	1,346	1,318
Kinesiology	3,345	3,189
Law	3,254	3,356
Medicine	21,610	20,926
Nursing	5,900	6,084
Pharmacy & Nutrition	3,478	3,594
Veterinary Medicine	16,423	14,977
Other Units		
Library	16,242	16,203
Information Technology	11,015	10,145
Student & Enrolment Services	6,202	6,034
Health, Safety & Environment	1,071	1,205
Facilities Management	18,758	18,652
Consumer Services	351	207
Campus Safety	983	1,034
External Relations	2,386	2,482
Administration and General	16,652	17,393
Central Utilities and Telephone Rental	14,280	12,643
Central Scholarships/Bursaries	7,953	7,978
Central Administration, Benefits & Other	27,949	31,079
Total	$ 273,640	$ 270,871

14. Interfund Transfers

Under fund accounting, resources are classified for accounting and reporting purposes into funds in accordance with specified activities or objectives. Interfund transfers are used when resources residing within one fund are utilized to fund activities or assets that should, by their nature, be recorded in another fund. As an example, within the Research Fund the University records revenue received from sponsors for research activity. A portion of this funding may be used to purchase capital assets. When the capital asset is purchased, an interfund transfer is recorded reflecting the transfer of resources from the Research Fund to the Capital Fund.

During 2005/06, transfers of $39,312 were made to the Capital Fund to fund the acquisition of assets. The net effect of all transfers within each fund is disclosed in Statement 2 and Schedules 1, 2 and 3.

15. Related Party Transactions

The University receives a significant portion of its revenue from the Government of Saskatchewan and has a number of its members to the Board of Governors appointed by the Government. To the extent that the Government of Saskatchewan exercises significant influence over the operations of the University, all Saskatchewan Crown agencies such as corporations, boards and commissions are considered related parties to the University.

Revenue received from the Government of Saskatchewan is disclosed separately in the Statement of Operations.

Routine expenses with these related parties are recorded at the standard or agreed rates charged by these organizations.

Transactions and the amounts outstanding at year-end are as follows:

	2006	2005
Sales of services and products – physicians' billings	$ 21,338	$ 19,517
Expenses		
Utilities	9,371	15,425
Other	19,820	17,920
Accounts receivable	4,972	8,775
Long-term investments	10,574	4,355
Accounts payable and accrued liabilities	812	1,483
Deferred revenue	166	252
Long-term debt	374	417

Schedule 1

Statement of Operations and Changes in Fund Balances – General Funds

For the Year Ended April 30, 2006 (thousands of dollars)

	Operating	Ancillary	Total
Revenues			
Grants and contracts			
Government of Canada	$ 3,038	$ -	$ 3,038
Government of Saskatchewan	216,616	-	216,616
Other governments	12,345	-	12,345
Non-government	6,713	-	6,713
Student fees	86,704	-	86,704
Gifts, grants and bequests	8,567	-	8,567
Sales of services and products	49,404	33,375	82,779
Income from investments	9,257	43	9,300
Real estate income	354	1,787	2,141
Miscellaneous income	5,185	136	5,321
	398,183	35,341	433,524
Expenses			
Salaries	259,891	6,565	266,456
Employee benefits	6,412	952	7,364
Operational supplies and expenses	47,809	1,395	49,204
Travel	7,861	29	7,890
Cost of goods sold	356	10,192	10,548
Equipment rental, maintenance and renovations	7,123	947	8,070
Utilities	20,092	508	20,600
Amortization	-	-	-
Scholarships, bursaries and prizes	3,376	-	3,376
Interest	122	-	122
Bad debt expense	981	4	985
Decommissioning costs (Note 9)	244	-	244
	354,267	20,592	374,859
Net revenues	43,916	14,749	58,665
Interfund transfers (Note 14)	(13,500)	(15,286)	(28,786)
Net increase (decrease) in fund balances for year	30,416	(537)	29,879
Fund balances, beginning of year	157,937	3,028	160,965
Fund balances, end of year	$ 188,353	$ 2,491	$ 190,844

Schedule 2

Statement of Operations and Changes in Fund Balances – Restricted Funds

For the Year Ended April 30, 2006 (thousands of dollars)

	Student Financial Aid	Research	Capital	Total
Revenues				
Grants and contracts				
Government of Canada	$ -	$ 54,872	$ 140	$ 55,012
Government of Saskatchewan	24	19,466	118,619	138,109
Other governments	-	1,997	-	1,997
Non-government	167	23,200	-	23,367
Student fees	1	100	-	101
Gifts, grants and bequests	1,656	2,994	906	5,556
Sales of services and products	2	2,076	423	2,501
Income from investments	179	2,015	616	2,810
Real estate income	32	73	-	105
Miscellaneous income	10	64	1,576	1,650
	2,071	106,857	122,280	231,208
Expenses				
Salaries	949	44,416	18	45,383
Employee benefits	56	3,967	2	4,025
Operational supplies and expenses	26	13,883	1,493	15,402
Travel	49	4,955	35	5,039
Cost of goods sold	-	1	-	1
Equipment rental, maintenance and renovations	-	761	(72)	689
Utilities	-	31	3	34
Amortization	-	-	49,445	49,445
Scholarships, bursaries and prizes	11,651	9,797	-	21,448
Interest	-	-	1,336	1,336
	12,731	77,811	52,260	142,802
Net revenues (expenses)	(10,660)	29,046	70,020	88,406
Interfund transfers (Note 14)	9,639	(19,289)	39,312	29,662
Net increase (decrease) in fund balances for year	(1,021)	9,757	109,332	118,068
Fund balances, beginning of year	22,409	77,289	653,176	752,874
Fund balances, end of year	$ 21,388	$ 87,046	$ 762,508	$ 870,942

Schedule 3

Statement of Operations and Changes in Fund Balances by College

For the Year Ended April 30, 2006 (thousands of dollars)

	Agriculture	Arts & Science	Commerce	Dentistry	Education	Engineering	Extension
Revenues							
University operating budget	$ 9,587	$ 44,641	$ 8,600	$ 5,134	$ 8,020	$ 11,434	$ 9,086
Grants and contracts							
Government of Canada	5,425	11,411	144	(8)	772	5,297	291
Government of Saskatchewan	7,693	2,093	5	96	39	1,631	83
Other governments	682	139	-	-	63	85	1
Non-government	5,785	2,099	59	189	713	1,648	90
Student fees	4	101	396	47	50	101	3,321
Gifts, grants and bequests	1,061	1,203	503	29	238	2,843	28
Sales of services and products	2,480	1,268	192	1,018	1,506	327	929
Income from investments	3,238	1,819	345	44	189	1,248	8
Real estate income	42	-	-	-	-	-	10
Miscellaneous income	711	46	15	1	20	56	69
	36,708	64,820	10,259	6,550	11,610	24,670	13,916
Expenses							
Salaries	19,759	45,334	7,275	3,768	8,266	13,717	8,036
Employee benefits	2,505	5,654	984	482	962	1,732	1,004
Operational supplies and expenses	6,562	3,580	773	330	973	1,373	1,263
Travel	886	2,376	368	56	441	698	488
Cost of goods sold	44	19	-	552	1	25	28
Equipment rental, maintenance and renovations	504	253	5	27	52	120	110
Utilities	67	24	-	-	1	-	19
Amortization	(25)	(65)	(8)	-	(1)	(34)	(2)
Scholarships, bursaries and prizes	1,724	5,716	222	1,100	333	1,439	7
Interest	-	-	-	-	-	-	-
Bad debt expense	-	-	-	8	-	-	-
Decommissioning costs (Note 9)	-	-	-	-	-	-	-
	32,026	62,891	9,619	6,323	11,028	19,070	10,953
Net revenues (expenses)	4,682	1,929	640	227	582	5,600	2,963
Interfund transfers (Note 14)	(2,115)	332	(37)	162	330	(205)	(94)
Net increase (decrease) in fund balances for year	$ 2,567	$ 2,261	$ 603	$ 389	$ 912	$ 5,395	$ 2,869

Graduate Studies & Research	Kinesiology	Law	Medicine	Nursing	Pharmacy & Nutrition	Veterinary Medicine	Other Units	Total
$ 6,190	$ 3,345	$ 3,254	$ 21,612	$ 5,900	$ 3,450	$ 16,423	$ (156,676)	$ -
1,502	1,185	123	9,938	248	920	2,570	18,232	58,050
28	200	25	39,419	569	555	18,765	283,524	354,725
-	-	-	150	-	-	678	12,544	14,342
129	470	223	8,506	336	395	1,240	8,198	30,080
40	2,711	135	613	230	194	68	78,794	86,805
51	956	872	1,426	151	374	1,065	6,898	17,698
1	1,317	123	24,009	31	55	5,851	46,173	85,280
199	132	1,199	1,841	75	160	1,862	12,351	24,710
-	68	-	92	-	-	-	2,034	2,246
1	84	26	96	2	1	33	5,810	6,971
8,141	10,468	5,980	107,702	7,542	6,104	48,555	317,882	680,907
652	5,513	3,822	81,694	5,785	3,652	15,479	89,087	311,839
93	660	493	6,485	793	461	2,042	(12,961)	11,389
65	1,492	265	13,336	394	800	5,820	30,202	67,228
75	817	252	2,646	155	126	556	2,989	12,929
-	31	-	117	-	-	590	9,142	10,549
-	56	2	789	46	20	361	6,414	8,759
-	-	2	46	-	-	56	20,419	20,634
-	(2)	(5)	(79)	(1)	(4)	(10)	49,681	49,445
1,835	756	366	3,824	238	536	1,819	4,909	24,824
-	-	-	-	-	-	-	1,458	1,458
-	-	-	(9)	-	-	10	976	985
-	-	-	-	-	-	-	244	244
2,720	9,323	5,197	108,849	7,410	5,591	26,723	202,560	520,283
5,421	1,145	783	(1,147)	132	513	21,832	115,322	160,624
(2,775)	(14)	733	1,108	401	(99)	(455)	2,728	-
$ 2,646	$ 1,131	$ 1,516	$ (39)	$ 533	$ 414	$ 21,377	$ 118,050	$ 160,624

Board of Governors 2005/06

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Tom Molloy (Chancellor)

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Art Dumont (Chair - February 2006)
Nancy E. Hopkins
Garry Standing
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Members Elected by the Senate
Judy Buzowetsky
Gary Carlson

Faculty Member
Linda McMullen

Student Member
Gavin Gardiner

The Board is responsible for overseeing and directing all matters respecting the management, administration and control over the University's property, revenues and financial affairs. University officers are entrusted with the day-to-day operation of the institution. The President has general supervision over, and direction of, the University, its faculty members, and its student body. Deans of Colleges are the chief executive officers of their college, with general supervision of the direction of the college and the teaching and training of the students in the college.

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Engineering
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Extension Division
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